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PARIS, FRIDAY, MARCH 10, 1978

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29,573



Associated Press

## Sadat Asks Carter to Be Fair in Begin Talks

By James Reston

With Human-Rights Ideals Applied

CAIRO, March 9 (UPI)—President Anwar Sadat, sounding vaguely apprehensive about the week's Washington meeting with President Carter and Prime Minister Menachem Begin, said yesterday that he thought the "time has come" for the Egyptian leader to break the diplomatic blockade in the Middle East. The Egyptian leader said in an interview at his residence in a suburb of Cairo, that in his view, the United States had now taken a "risk" on its possibility as a "partner" in the negotiations, and he defined his idea of the U.S. President's responsibility.

My definition is this: Peace is much more precious than a piece of land... I should like to see Carter to apply what has already been declared in the United Nations and the acquisition of other land force. This is a moral issue, should like him also to tell the Israelis that in the name of security... we have a peace of security, because

the United States has provided Israel with the most sophisticated of arms on earth, in the field of traditional arms. Mr. Sadat also talked of his differences with Mr. Begin, of his dramatic diplomatic tactics and his philosophy of peace, of his threats of resignation and his fears about the Soviet Union's military intrusion in Africa. But he was careful to avoid any threats about breaking off the Middle East negotiations, and he insisted that Israel and the Arab nations must live together as neighbors and that the "peace process" must be "eternal."

Personal Exchange He said that after it had become clear that Assistant Secretary of State Alfred Atherton Jr.'s peace mission had not made progress, he communicated with Mr. Begin in the hope of persuading him that they should make a new effort to reconcile their approaches to the problem. But he would not elaborate on this "personal" exchange, which he clearly has hoped would

From Occupied Arab Lands

## Carter Reasserts Need for an Israeli Pullout

WASHINGTON, March 9 (UPI)—President Carter said today that a failure by Israel to comply with a UN resolution for the return of occupied territories would "be a blow to the prospects of a reversal of what we are trying to do" in the East. He said that the United States would continue to support the UN resolution for the return of occupied territories.

The superior military capability of Israel is maintained and at the same time [it] maintains our relationship with the moderate Arab states... so that peace can be achieved," he said.

Intra-U.S. Consultation Mr. Carter said that despite the resignation of Mark Siegel as the presidential aide for liaison with U.S. Jewish groups, the White House had no intention of ending its efforts to seek a policy report with U.S. residents having a special interest in the Middle East—Arab as well as Jewish organizations.

Mr. Carter said that within the United States his administration has made—and will continue to make—"a concerted effort" to present its views and to receive the views of other groups. He called it an "essential" element in his Middle East policy. He said that the White House decision to sell aircraft to the Egyptians was made because

## Owen Reports U.S. in Accord On Rhodesia; Returns Home

LONDON, March 9 (UPI)—Foreign Secretary David Owen abruptly returned from Washington today in the wake of a reported "insult" from Andrew Young, the U.S. ambassador to the United Nations. Mr. Owen said he had spent only 11 hours in Washington, 4 1/2 of them in discussions on Rhodesia with President Carter and Secretary of State Vance.

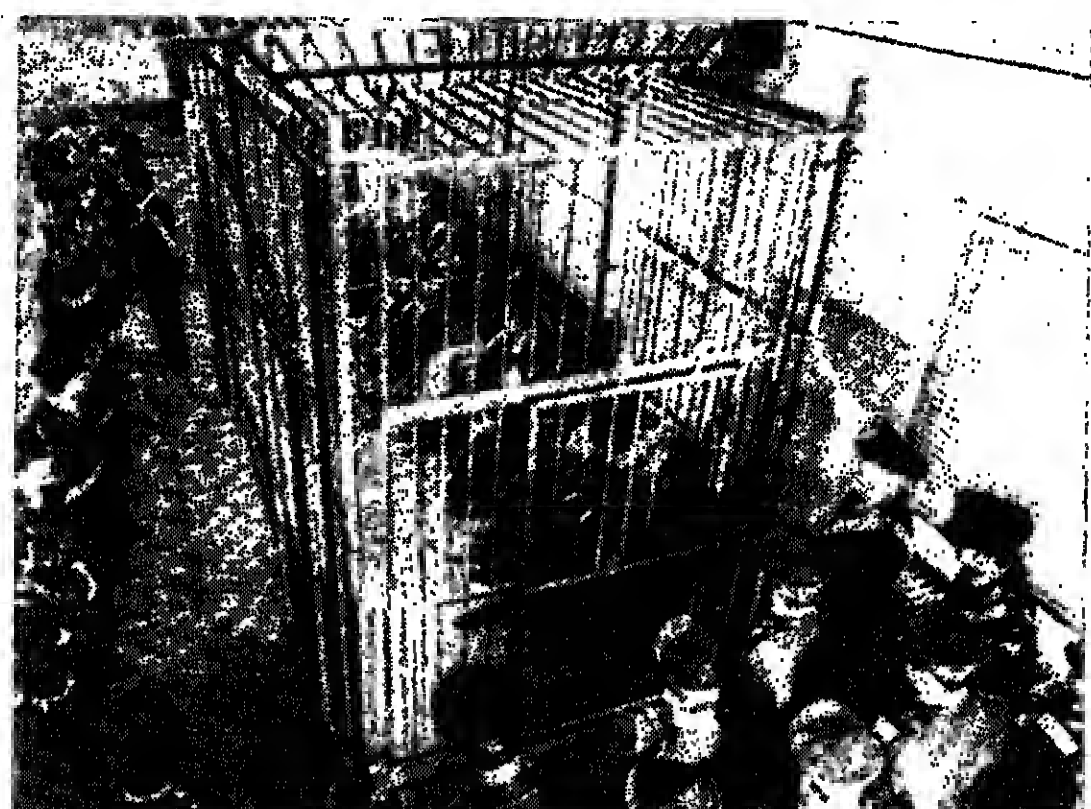
He was expected to go on to New York for the UN Security Council debate on Rhodesia, and to try to arrange a meeting between opposing black Rhodesian leaders. Instead he rushed back to report to a Cabinet meeting that there was complete accord at the highest level between Britain and the United States over what to do next on Rhodesia. Young Ruled Out? But "the highest level" ruled out Mr. Young, who last night accused Britain of a possible "sell-out" in Rhodesia. "What are the British going to do—run and leave us with 30 years of trouble the way they did in 1948?" Mr. Young asked reporters in a reference to the Middle East crisis of that year. Peter Jay, the British ambassador to the United States, made a protest over Mr. Young's remarks. Mr. Young issued an "explanation" but withdrew it because "it added insult to an already unnecessary injury," Mr. Jay said. "He has made statements like this before," Mr. Owen said in

## Carter Announces Somalia to Withdraw Troops From Ogaden

WASHINGTON, March 9 (UPI)—President Carter announced today that Somalia has decided to withdraw its regular troops from the Ogaden region, where they are fighting Ethiopians backed by Cuban troops and Soviet advisers. Somalia invaded Ogaden last summer. Mogadishu confirmed in a radio broadcast that it is withdrawing its army from the Ogaden in return for guarantees from unspecified "big powers" that all foreign forces would pull out of the territory. The Somali government made no mention of a withdrawal of local guerrilla forces.

The Carter administration has sharply attacked the presence of Cuban troops and Russian advisers in Ethiopia and has warned that Congress might balk at a strategic arms limitation agreement with the Soviet Union because of the Soviet intrusion in the Horn of Africa. Mr. Carter said that Somali President Mohammed Siad Barre had spoken personally to him last night to report his decision to withdraw his troops.

Independent military observers said that the Somali withdrawal had little option but to withdraw if they were to keep their army intact in the face of greater numbers and firepower. The Ethiopians assembled an army of 120,000 men, backed by 11,000 Cuban troops and 1,000 Soviet advisers and nearly \$1 billion worth of new Soviet military equipment to face the 30,000 Somali forces holding the bulk of the area. While the Somalis were informing the United States of their intention to withdraw, a spokesman (Continued on Page 2, Col. 5)



TEYING DAY—Alleged terrorists of Red Brigades under police guard in Turin. They and terror suspects in Cyprus and West Germany were on trial yesterday. Story, Page 4.

After 4 1/2 Years

## Chile State of Siege Ends Saturday

SANTIAGO, March 9 (UPI)—President Augusto Pinochet announced today that the 4 1/2-year-old state of siege in Chile will be lifted Saturday "to test how the people behave."

The state of siege was declared on Sept. 11, 1973, the day the armed forces ousted the leftist government of President Salvador Allende in a violent coup. It had been renewed every six months by military decree and the latest six-month period expires Saturday. President Pinochet said that

he had made the decision to lift the siege because a Gallup poll taken this month had shown that 80 per cent of Chileans support him. "I believe that this backing permits me to lift the state of siege and maintain only a state of emergency," Gen. Pinochet said.

## Woman Can Evict Violent Lover From Their Home, Lords Rule

LONDON, March 9 (Reuters)—The House of Lords today upheld a woman's right to have a violent lover turned out of their home. In what could be considered a historic decision, the Lords, Britain's ultimate court of appeal, agreed unanimously that the woman can evict her lover even if the man owns the home. It said a woman's personal rights take priority over a man's property rights. Women's rights groups picketing outside the House of Lords cheered on hearing that the house had dismissed an appeal by Nehemiah Johnson, 42, against being ousted from his home. A special five-judge Appeal Court ruled in November that Jennifer Davis, 21, who fled with her 2-year-old daughter after being beaten by Mr. Johnson, had the right to have him turned out of their home.

Viscount Dillhorne said today that in earlier cases the relevant law had been interpreted by courts more narrowly than Parliament had intended. "To hold that protection can only be given if she has property rights is to differentiate between married and unmarried women and would frustrate the intention of Parliament," the viscount's opinion said. Another judge, Lord Diplock, said that Miss Davis had been subjected to "appalling violence" by Mr. Johnson and was in fear of her life. But Lord Diplock said he felt that a woman could have her lover evicted only if she had some property right in the home—such as the joint tenancy status that Miss Davis held. Lord Kilbrandon declared that an unmarried housewife— he said the term "mistress" is out of date—is entitled to protection. Member of Parliament Jo Richardson, who sponsored a 1976 bill that changed Britain's law on domestic violence, said: "This means the act does protect an unmarried woman as well as a married one."

Under the state of siege, normal constitutional guarantees were suspended and the regime could dictate laws ordering arrests, suspend the right of habeas corpus, conduct trials as military tribunals and banish opponents abroad. "In practice, this means that I cannot banish anyone for more than six months and there will be no more trials of a military nature," Gen. Pinochet said. Gen. Pinochet did not stipulate what processes would be affected by the state of emergency that will be maintained. This is expected to become clearer when the decree lifting the state of siege is published. The President said that a partial curfew will remain in effect, but for "economic reasons, to save fuel and energy." In announcing the lifting of the state of siege, Gen. Pinochet said that "this is not a threat but I am testing how the people will behave." The reality is that we are living in a tranquil period and there is support for the government. The violent persons and those who hold [political] meetings will have to accept that," Gen. Pinochet said.



David Owen UPI

## Soviet Union Proposes World Ban On 'Barbaric' Neutron Bomb

MARCH 9 (UPI)—The Soviet Union, in a move rejected by the United States, today proposed a treaty to ban the neutron bomb, a 30-ton nuclear weapon, Soviet delegates called the new "cruel and barbaric" weapon 10 times more deadly than standard nuclear weapons. Soviet draft 1 prohibits the production and deployment of neutron bombs. "We call that the continuation of the arms race," said the Soviet Union and its allies, in a letter to the NATO govern-

ments asking them to renounce the weapon. Mr. Fisher said that the United States and its allies are currently deliberating possible deployment of the bomb. "[But] the United States is not prepared to prejudge this issue on the basis of the one-sided propaganda arguments presented in support of the Soviet proposal," he said. Mr. Fisher argued in favor of the neutron weapon because of the three-to-one Soviet bloc advantage in tanks in Europe—"an advantage which exists without even taking into account the very large number of tanks that could be brought from the Soviet Union on short notice." He said that the enhanced radiation, reduced-blast neutron bomb would kill tank crews, but cause far less collateral blast and heat damage than existing tactical nuclear weapons. Mr. Fisher said that the Soviet Union and its allies, in a letter to the NATO govern-

## Russia Attacks West as Talks in Belgrade End

By David A. Andelman BELGRADE, March 9 (UPI)—The Soviet Union made a final attack on the West today as the conference on security and co-operation in Europe adjourned in an atmosphere of resignation and regret after nearly eight months of largely inconclusive deliberations. The final 25 of the 35-member countries of the conference, which has been reviewing compliance with the three-year-old Helsinki agreement, presented their concluding statements today. Restatements of the principal themes of the last months and regrets that the outcome produced so little substance. Only the Soviet Union con-

tinued its unremitting attacks. Soviet Ambassador Yuri Vorontsov, in the strongest language heard publicly so far, assailed "some delegations" for turning the conference "into an area of ideological confrontation." Hawking the Neutron Bomb The Soviet representative cited most of the principal themes of Soviet foreign policy, criticizing "those who are hawking the neutron bomb to Europe and peddling the extermination of human beings without damaging houses, cars and other property" and criticizing too "those who practice racism and uphold apartheid, who victimize champions of civil rights." As was the case yesterday when the chief U.S. delegate,

Arthur Goldberg, spoke, the Soviet ambassador did not single out a country for criticism, but in the language that had grown up around this conference, it was clear that all of its attacks were aimed at the United States. Perhaps the most interesting exchange came outside the forum of the conference itself, in a private meeting between chief Canadian delegate Norman Calkin and Mr. Vorontsov. The Canadian envoy protested the detention of Soviet dissident Anatoli Shcharansky and asked that, if a trial of Mr. Shcharansky is held, international observers be present. In a statement released later by the Canadian delegation, Mr. Vorontsov was quoted as reiterating that Mr. Shcharansky was

"being tried not as a dissenter, but as a spy and that the case against him was well documented, showing clear CIA connections." This seemed to be a revision from the most recent Soviet position that had dropped the spying allegations against Mr. Shcharansky. Mr. Vorontsov also was quoted as saying that he "did not know when the trial would take place but that it would certainly be held and he thought in two or three months time," according to the Canadian statement. Mr. Vorontsov was not available for comment on these statements. It was left to others to sum up the more general malaise that had descended over the ultra-modern conference center in re-

## U.S., Bonn Set Talks on Dollar This Weekend

WASHINGTON, March 9 (Reuters)—President Carter said today U.S. and West German officials will meet this weekend to discuss the dollar question. The site of the meeting was not disclosed. Mr. Carter told a press conference that both sides will discuss ways of reducing disorderly foreign exchange markets. (Today's dollar storm is on Page 7.) He also said the value of the dollar against the West German mark has stabilized in recent days, and the dollar's decline in value against other major currencies is being alleviated by higher interest rates in the United States. Mr. Carter said that West German Chancellor Helmut Schmidt told him today that Germany's gross national product growth was 6 per cent in the fourth quarter of 1977.



## \$12.5 Billion in Next 8 Years

## Weizman Asks U.S. for More Arms

By George C. Wilson  
WASHINGTON, March 9 (UPI).—Israeli Defense Minister Ezer Weizman yesterday pressed his country's case for an additional \$12.5 billion in U.S. arms, but he won no commitment from Defense Secretary Harold Brown.

Pentagon officials said that Mr. Brown heard Mr. Weizman out on subjects ranging from Arab-Israeli peace talks to requests for aircraft and tanks that Israel says it will need under its 10-year defense plan.

The plan, sources said, would take Israel through 1985 and involve about \$12.5 billion in additional U.S. arms. With eight years to go on the plan, the annual cost between now and 1985 would be about \$1.5 billion, Pentagon sources said. This would involve a 50-per-cent increase over the current U.S. arms flow to Israel.

Carter administration officials believe that the plan overstates Israel's military needs. Mr. Brown told a House Budget subcommittee last week that "Israel remains able through 1983 or 1985, which is as far ahead as you can project, to defeat any combination of the Arab countries."

The context for Mr. Brown's assessment was what would happen if the administration's proposed aircraft package for the Mideast, were approved by Congress. That package calls for selling 75 F-16 and 15 F-15 fighter-bombers to Israel, 75 F-5E fighters to Egypt and 60 F-16s to Saudi Arabia.

Mr. Weizman started his day at the Pentagon by receiving a 19-gun salute and reviewing an honor-guard. Then he and his aides lunched with Mr. Brown in the secretary's dining room.

In the ensuing talks, which extended through a dinner at the Pentagon, Mr. Brown emphasized the administration's interest in a high degree of military security for Israel, according to Thomas Ross, a Pentagon spokesman.

But from Mr. Brown's standpoint, defense officials said, the sessions with Mr. Weizman were "largely listening. There were no decisions, no commitments made."

**Long-Range Capability**  
Although Pentagon officials have not disclosed the items Israel requested, sources said they included additional aircraft, including KC-135 tankers for aerial refueling, money for producing tanks in Israel, thousands of U.S. tanks and armored personnel carriers and a large array of modern weapons.

If Israel got all the weapons it is seeking, specialists have said, the country could wage a "war of annihilation" against Arab countries and, with long-range aircraft, could reach far beyond the borders of its past wars.

Also, Israel is requesting so much ammunition that specialists believe it could win a war without coming to the United States for resupply, as it had to during the 1973 war.

**200 Bhutto Supporters Are Reported Held**  
ISLAMABAD, Pakistan, March 9 (AP).—More than 200 supporters of the Pakistan Peoples party of deposed Prime Minister Zulfikar Ali Bhutto have been arrested in Lahore. It was reported today.

The government accused the detainees of planning disturbances when the verdict is announced in Mr. Bhutto's trial on a murder charge. Mr. Bhutto is accused of ordering the slaying of a political opponent. A verdict in his trial is expected in a week.

**Ceausescu Shuffles Romanian Cabinet**  
BUCHAREST, March 9 (UPI).—President Nicolae Ceausescu Tuesday ordered a thorough reorganization of his Cabinet, promoting Ilie Verdet, a possible successor, and shifting or dropping more than a dozen others, the official news agency, Agerpres, reported.

Mr. Verdet, previously secretary of the Communist party's Central Committee, was named to the new office of his first deputy premier. He was also given the powerful position of chairman of the State Planning Committee.

**Moroccan in Moscow**  
MOSCOW, March 9 (AP).—Moroccan Premier Ahmed Osman arrived today for what has been described as a working visit. He was accompanied by Morocco's ministers of trade and industry, energy and geological prospecting, and phosphate production.

**Callaghan to Visit Bonn**  
LONDON, March 9 (UPI).—Prime Minister James Callaghan will go to Bonn Sunday for talks with West German Chancellor Helmut Schmidt.

**18,000 Believed Affected**  
WASHINGTON, March 9 (AP).—Because of a conflict with their schedules, two Rhodesian guerrilla leaders today canceled a meeting with Mr. Vance on broad-

**Food Airlift Aids Stranded Arizona Navajos**  
By Charles Hillinger  
KA KAI LACHEE, Ariz., March 9.—Marie Day, an 83-year-old sheepherder, had trouble getting home Tuesday.

Mrs. Day, a widow, is one of an estimated 18,000 Navajos stranded by mud that covers thousands of square miles of the nation's largest Indian reservation.

The red soil had been saturated by incessant rain, sleet and snow for more than a week. Hundreds of miles of dirt roads on the reservation are solid mud—four to eight feet deep. Nothing moves on the roads, not even vehicles with caterpillar treads.

**By Foot, Horseback**  
The only movement is by foot or on horseback through thick pine and scrub oak forests. Thousands of Indians have been stranded for as long as 10 days. An Indian official called the situation the worst disaster to hit the Navajos in 10 years.

Military helicopters from three states are carrying tons of food, coal, livestock feed and medical supplies to the Indians stranded in Arizona and New Mexico.

Maria Day explained how she had left her hogan and 35 sheep on Monday and walked out for help. "My sheep had no food. There was no food left for me. I had to go," she said.

She walked five miles, wading through mud one to two feet deep, finally coming to a paved road where she hailed a truck.

She was driven to Window Rock, capital of the Navajo nation. At Window Rock Airport Tuesday, Mrs. Day boarded an Army CH-47 Chinook helicopter to go home to her hungry sheep.

The copier was loaded with 110 burlap sacks, each filled with 65 pounds of food, and with bales of hay for cattle and sheep to be air-dropped to the Indians.

Mrs. Day's hogan, 30 miles southwest of Window Rock by dirt road, was to be the first stop on an all-day mission of flights. It was also her first flight.

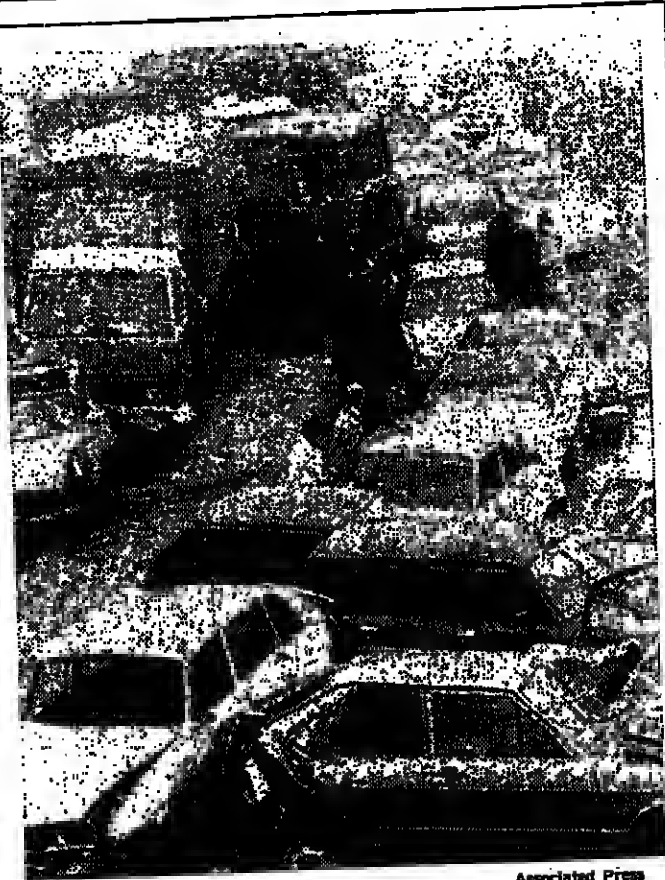
She sat stoically in the cabin of the Chinook. But about five miles from her home, hydraulic fuel suddenly began to pour from the ceiling of the Chinook, forcing the helicopter to land in a meadow.

It left Mrs. Day with the dilemma of staying in a nearby hogan or walking the remaining five miles home. The crew of the Chinook helicopter was down out of an Arizona National Guard helicopter.

A dozen helicopters flown by the Army from Fort Carson, Colo., the New Mexico National Guard and the Arizona National Guard flew supplies to the Indians Tuesday.

So far, nearly 50 tons of food, more than 4,500 bales of hay and several tons of coal have been airlifted.

Aboard the helicopters are



**DOMINO THEORY**—When one car hit another in the fog on the superhighway north of Paris yesterday, a third one joined the fracas, a fourth couldn't stop, and so on, until 40 vehicles were involved—and 20 persons hurt, 13 of them in serious condition.

## Owen Reports U.S. in Accord On Rhodesia; Returns Home

(Continued from Page 1)  
providing for a handover to black-majority rule by Dec. 31. Earlier, in Washington, Mr. Vance and Mr. Owen agreed that the Salisbury plan represented "a significant step" toward majority rule in Rhodesia and contained "significant similarities" to the U.S.-British proposal launched last August.

But in a meeting with reporters at the State Department during a break in the discussions of the Rhodesian problem, Mr. Vance answered with a flat "no" when asked if the Salisbury plan was "constructive enough" to warrant the lifting of U.N. sanctions against Rhodesia.

In a joint statement issued after his meeting with Mr. Vance, Mr. Owen said: "There was full agreement that the two governments will jointly continue their efforts to facilitate a settlement among all the parties in accordance with the principles the two governments have previously put forward."

These, he said, were "free and fair elections, a transition to majority rule and independence, and respect for the individual rights of all the citizens of an independent Zimbabwe."

Before his sessions with Mr. Owen, Mr. Vance met yesterday with Bishop Abel Muzorewa, one of the three black leaders who signed the Salisbury agreement.

Bishop Muzorewa said his talks with Mr. Vance had been "very useful" but it was obvious that Mr. Vance had declined to endorse the Salisbury agreement.

He told reporters only that Bishop Muzorewa "was able to clarify one of two points."

"I think there is a great deal that remains unclear about what is involved in this proposal," Mr. Vance told reporters, "There are a number of things which have not been decided with regard to the transitional arrangements."

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In Contrast to Schmidt Comment  
U.S. Fiscal 'Amateurism' Is Decried

By Michael Getler

BONN, March 9 (UPI).—While Chancellor Helmut Schmidt was telling parliament today that there was widespread agreement in U.S. and German policies and that published reports to the contrary were wrong, the leader of the German Industry and Trade Council was saying elsewhere that "complete amateurism" was now in full bloom in U.S. economic and monetary policy.

The contrast in the two speeches illustrates the dilemma that is confronting West Germany in its dealings with the United States, especially on economic matters and particularly on the steady and rapid decline in value of the dollar overseas, which makes German goods much more expensive in the United States.

Government leaders in Bonn and Washington have been trying to patch up at least publicly, their lingering quarrel over economic affairs before it spills over into a worsening of general relations that neither of the two sides wants.

But nothing is happening to stem the dollar's decline and alleviate the fears in German industry that a government which contributes to the antagonism.

The Chancellor's nationally televised speech today was to have been the annual assessment of relations with East Germany.

**Departure From Text**  
But concern over the state of U.S. relations was apparently great enough to cause Mr. Schmidt to deviate from his original text and devote a large part of his talk at the outset to relations with Washington.

The Chancellor said that German-U.S. friendship rested on "human ties and a far-reaching identity of political and social values that cannot be changed by temporary variations in currency-exchange rates."

He said that he shared, "without any doubt, the opinion of President Carter that the dollar was currently undervalued," that he was "optimistic that the United States would succeed in stabilizing international confidence in the dollar and that adoption by Congress of the energy program would help in this respect."

To underline the attempt to patch things up, a spokesman for Mr. Schmidt disclosed that President Carter telephoned the Chancellor today to talk over what he said to be a "friendly" exchange of views and to relay his full agreement with the views on U.S.-German relations expressed by Mr. Schmidt in recent days.

The phone call also was symbolic of the attempt to put a positive face on things because it is more reflective of a better personal relationship between the two leaders who had, during the last several months, been at odds as well as official relations soured in many areas, lapsed in sending letters.

Mr. Schmidt today, expanded on points he had made in a curious speech on U.S. relations last week that went virtually unnoticed here because it was given on a Friday night in Hamburg to an East Asian society in the midst of a German newspaper strike.

Stressing the common interest of both countries in solving economic problems, Mr. Schmidt said that Bonn was in conformity with Washington also on trade and anti-protectionism and in trying to solve critical North-South problems between rich and poor nations.

This, he said, "was quite to the contrary" of what many newspapers reported on both sides of the Atlantic. The Chancellor said these "unfortunate, far-reaching" speculations on an alleged change in our relations with the United States, although not generally shared, are worthy of a rejection here.

"Nobody who really knows the Federal Republic of Germany, and certainly not one of us, would share such a judgment unless he intends to do some damage."

Several hours earlier, industrialist Otto Wolff von Amerongen told a business council gathering in Cologne exactly what the Bonn government has been trying to keep out of official dialogue.

Mr. Amerongen is a powerful

**Doctors Report Flynt Paralyzed by Bullet**  
ATLANTA, March 9 (AP).—The owner of Hustler magazine, Larry Flynt, is paralyzed from the hips down as a result of being shot and has less than a 50-per-cent chance of regaining movement, doctors at Emory University Hospital said today.

"There are no reflexes, in the lower extremities and there is a loss of sensation from his mid-thighs down," said Dr. George Tindall, the hospital's chief neurosurgeon, who removed a bullet and bone chips from Mr. Flynt's back today.

**Police Hunt Continues For Chaplin's Coffin**  
CORNSHUR - SUR - VEVEY, Switzerland, March 9 (AP).—A search throughout Europe for the body of Charlie Chaplin has been unsuccessful and Swiss investigators said today they are puzzled over the theft from the cemetery here a week ago.

Initial theory was that the theft of the coffin might have been the work of extortionists since demand has been received, investigators said.

**Swiss Prices Rise**  
BERN, March 9 (AP).—The Swiss consumer price index in February rose 0.1 per cent, base 1977, giving a 1.7 per cent year-on-year increase, the Federal Department of Economic Affairs said.

**Spanish Farmers Protest**  
BARCELONA, March 9 (Reuters).—Farmers parked thousands of tractors along roads in the northeast province of Lerida today in a demonstration for higher crop prices.

**German Industry Closes**  
COLOGNE, March 9 (AP).—German industry, threatened by strikes affecting 1.7 million workers, offered today to wage negotiations with the workers union.

**Don't miss**  
INTERNATIONAL SECRETARIAL JOBS every Monday in the

INTERNATIONAL Herald Tribune

**Students Protest Jail For 4 Spanish Mimes**  
BARCELONA, March 9 (AP).—Police fired smoke grenades and rubber bullets today to disperse more than 3,000 students demonstrating in the streets to demand freedom for four Catalan mime group sentenced to two years in prison each for insulting the army.

In Palma de Mallorca in the Balearic Islands, law students left their classes to protest the jailing of the mimes.

**U.S. Protesters Hailed**  
BELGRADE, March 9 (UPI).—Police broke up a news conference today and briefly detained an Illinois state legislator and two

**Madrid Rejects Socialist Bid for Local Election**  
MADRID, March 9 (Reuters).—The Spanish government rejected Socialist demands for early local elections in the move to avoid delays in the stage of a new constitution.

Interior Minister Rodolfo Urdangarín told parliament the government did not want to postpone the elections indefinitely but wanted a planned end on the constitution being drawn up out of the first.

With the government's move, the Socialist party, which would rank big in elections if they were this spring.

Premier Adolfo Suarez while tried to patch up forces which prompted a last walkout from an election committee drafting the constitution two days ago.

The walkout ended nine of cooperation between the government and the Socialist party's main opposition.

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## Asks Back-to-Work Order

## President Believes Miners Will Obey Court Injunction

WASHINGTON, March 9 (AP).—President Carter said today that he expects coal miners and operators to obey the law, and he told Attorney General Griffin Bell to take command of federal enforcement of an anticipated back-to-work order.

Mr. Carter told a news conference that he believes a federal court order under the Taft-Hartley Act will be observed. "I have absolutely no plans to seek congressional action to authorize seizure of the coal mines," he said.

Mr. Carter spoke as government lawyers prepared their arguments for a Taft-Hartley injunction. He said that he also has asked Secretary of Labor Ray Marshall to enlist the labor experts who studied the strike to go into the coalfields and urge the miners to return to their jobs.

## Law-Abiding Citizens

Asked what he would do if the miners defied a Taft-Hartley injunction, Mr. Carter said that the order would prevent interference

with resumed mining. "I believe the coal miners to be law-abiding and patriotic citizens," he said, "and I believe that a substantial portion of them, an adequate portion of them, will obey the law."

He also said that even with the strike, coal production is about 50 per cent of its normal level, so if a moderate number of miners go back to work an energy crisis can be avoided.

Justice Department lawyers, acting under the Taft-Hartley Act, asked the U.S. District Court in Washington to order members of the striking United Mine Workers union back to work immediately.

The government also asked for a court order directing coal companies to reopen the mines, idle since the strike began on Dec. 8. The request was assigned to Judge Aubrey Robinson, one of the 12 federal judges who preside in the district. The judge was expected to set a hearing to decide whether to grant the government's request for an injunction.

The government petition asks that the order be directed at 1,450 union entities, coal companies and individuals who were named in the court papers.

Officials said that Mr. Bell planned to be in court when government attorneys argued their case.

Mr. Bell said, "I believe that the miners will obey the law and this includes court orders. I also have every confidence that law enforcement officers in the states concerned will provide adequate and effective protection for those miners returning to work. We are a nation committed to law."

Under the Taft-Hartley Act, Mr. Robinson can order the miners back to work for 30 days and direct the companies to resume good-faith bargaining. Failure to comply could result in fines or prison for contempt of court.

Defiance Expected  
Leaders of the 100,000 striking miners and government officials expect widespread defiance of a back-to-work order.

President Carter directed Mr. Bell to seek the order after he received a report on the strike from a board of inquiry that he had created under the Taft-Hartley Act.

The board's report, delivered to the White House earlier today, said that the strike had "reached alarming proportions." The three-member board said, "Already thousands of workers in other industries have been laid off or placed on reduced work schedules and this can only accelerate."

In National Interest  
"It is imperative, in the national interest, that the parties find a basis for resolution [of the strike] as expeditiously as possible," it said.

## U.S. Turned Down Arms Requests Of 67 Countries

WASHINGTON, March 9 (AP).—The Carter administration turned down more than \$1 billion worth of arms-purchase requests last year from 67 countries, it was disclosed yesterday.

Rep. Clement Zablocki, D., Wis., chairman of the House International Relations Committee, made the disclosure at a subcommittee hearing on U.S. arms sales. But he refused to name the countries involved, saying that the information is classified.

The government does not normally announce its rejections of foreign arms requests because such announcements could be embarrassing to the prospective buyer.

But some rejections have become known, such as the administration's refusal to sell Pakistan more than 100 A-7 jets or to let Israel buy cluster bombs.

Rep. Zablocki said that the United States has an "ongoing military supply relationship" with 45 of the 67 unnamed countries.



FLYING OUT—An airliner taking off from Phoenix, Ariz., airport despite huge hunk of concrete on the main runway. Repairs to runway and taxiway, caused by last week's floods, are expected to cost \$4 million before the airfield is clear.

## Gives No Evidence

## Author Insists Human Cloning Was Done

By Harold M. Schmeck Jr.

NEW YORK, March 9 (NYT).

The author who said that he helped arrange the first cloning of a human being insisted yesterday, in his most extensive comments on the matter, that the reproduction was really accomplished. But he still offered no corroborative evidence to support the assertion.

In a statement, issued by his publisher, J.B. Lippincott Co., David Rorvik also said that he had seen the allegedly produced boy, now said to be 14 months old, whom he described as "alive, healthy and loved."

Scientists, however, continued to express strong doubt that a human cloning had been achieved, or that it was even possible under current biological research techniques.

Closing of Frogs  
Cloning, an asexual reproduction achieved by transplanting the nucleus of a donor's cell into a fertilized egg cell, has been achieved under special conditions in frogs, but specialists said that they know of no reports of success in mammals, although they said that attempts have been made in laboratory animals.

In cloning, the nucleus of the egg cell is either removed or inactivated so that the cloned progeny develops as a genetically identical copy of the individual that supplied the donor cell.

Mr. Rorvik contested such statements of repeated failure. "My painstaking search of the literature reveals only one paper in the English language that reports upon an effort to clone a mammal," he said.

Unsuccessful Results  
Dr. Bernard Talbot of the National Institutes of Health said, however, that he had spoken to several scientists who had made such attempts or knew of others who had done so, but he said that they had not published because the results were unsuccessful.

The first successful cloning in frogs was done about 20 years ago. The procedure involved removing the nucleus from a frog egg and replacing it with the nucleus from a body cell of another frog that served as donor.

It is difficult to use this kind of experiment in mammals, however, because mammalian eggs are far smaller and therefore are a much more difficult target for microsurgery. A frog egg is estimated to be 1,000 times as large as a rabbit egg.

Mr. Rorvik has refused to identify any of the participants in the experiment he describes to protect their privacy. Apparently they will also remain anonymous in the book, which Lippincott intends to publish March 31, at least two months before its original schedule.

Mr. Rorvik said yesterday that he took strong issue with those who asserted that human cloning is still out of scientific reach. He said, "A refinement of existing cell-fusion techniques was used in

the first cloning of a man—a feat achieved by a team with millions of dollars at its disposal." He cited a report of minimal research by Dr. J.D. Bromhall of Oxford in the Dec. 25, 1975, issue of Nature, the British scientific weekly.

Scientists Want Information  
NEW YORK, March 9 (NYT).

Three scientists have said that they would demand information from the National Institutes of Health and other federal agencies about any government support of research related to cloning and genetic engineering.

"Whether or not the present claim is true, cloning of humans will obviously be possible before very long," Dr. Esham Signer, a biology professor at Massachu-

setts Institute of Technology, said Tuesday. He and two other scientists, Dr. Jonathan Beckwith of Harvard and Dr. Liebe Cavalieri of New York's Memorial Sloan Kettering Institute for Cancer Research, said that the social implications of such an achievement required immediate public discussions.

The three and the Peoples Business Commission, a Washington-based organization that has been critical of experiments in gene-splicing and genetic engineering, said that they were prepared to sue to get information from the government.

Dr. Talbot, of the office of the director of the NIH, said that an ordinary request citing the Freedom of Information Act would be sufficient, but that none had been received.

## Yugoslav Ends U.S. Visit

## Carter, Tito Condemn Africa Racism

WASHINGTON, March 9 (UPI).—President Carter and Yugoslav President Tito condemned racism in southern Africa today and made veiled criticism of Soviet and Cuban intervention in the Horn of Africa.

Marshal Tito, 85, met with Mr. Carter for the second time this week as he ended a three-day visit to the United States.

Following the 90-minute White House meeting, they issued a joint communique which:

• Emphasized the need for a peaceful solution to the Ethiopia-Somalia conflict without further outside interference. It did not directly mention that about 13,000 Cuban and Russian military advisers are helping Ethiopia.

• Called for self-determination and majority rule in Southern Africa. They "condemned racism in all forms."

• Expressed "special concern" over continued tensions in the Middle East and agreed on the "urgent need to find a comprehensive, just and lasting solution."

Territorial Integrity  
On Ethiopia and Somalia, the communique said, Mr. Carter and Marshal Tito "expressed their belief that the international community should exert greater efforts for securing conditions to maintain the territorial integrity, independence and nonaligned position of these two countries."

The two leaders pledged to increase U.S.-Yugoslav contacts on matters of trade, investment, cooperation in solving international economic problems, combating international terrorism, disarmament and avoiding nuclear proliferation.

They expressed the need to widen détente and underscored

UN Rights Unit Delays  
GENEVA, March 9 (Reuters).

The UN's 22-member Human Rights Commission last night put off for a year a decision on appointing a UN commissioner for human rights.

the importance of the Strategic Arms Limitation Talks as well as the European mutual and balanced force-reduction negotiations. Both referred to the impor-

ance of the forthcoming special UN session on disarmament, which Marshal Tito reportedly will attend when it meets in May.

## Texas Computer Shoots a Draw In Chess-Mated Western Saga

LAKE JACKSON, Texas, March 9 (AP).—Checkmo, the Bransport College computer that plays a decent game of chess, turns out to be less than a literary whiz.

The college's computer services director, Gilbert Bohuslav, programmed Checkmo to play a word game called Madril. In the game, the computer took 33 words and was to use them in a newspaper ad or stories such as a Western, an army saga or a tale about a waterbed.

Here's Checkmo's idea of a Western:

Tex Doe, the marshal of Harry City, rode into town. He sat hungrily in the saddle, ready for trouble. He knew that his sexy enemy, Alphonsie the Kid, was in town. The Kid was in love with Tex's horse, Marion. Suddenly the Kid came out of the Upended Nugget Saloon.

"Draw, Tex," he yelled madly.

Tex reached for his gun, but before he could get it out of his car the Kid fired, hitting Tex in the elephant and the tundra.

As Tex fell he pulled out his own chessboard and shot the Kid 35 times in the king. The kid dropped in a pool of whiskey.

"Aha!" Tex said. "I hated to do it but he was on the wrong side of the queen."

## Moscow to Allow Airbus Service

PARIS, March 9 (Reuters).—The Soviet Union has given Air France permission to operate a regular Airbus service to Moscow, the French Transport Ministry said yesterday.

France has been trying for more than a year to obtain landing rights in Moscow for the wide-bodied European-built Airbus.

Aircraft industry sources said this was because the Ilyushin 86, the Soviet version of the Airbus, was not ready for service. Air France is expected to start its twice-weekly Airbus service to Moscow next month.

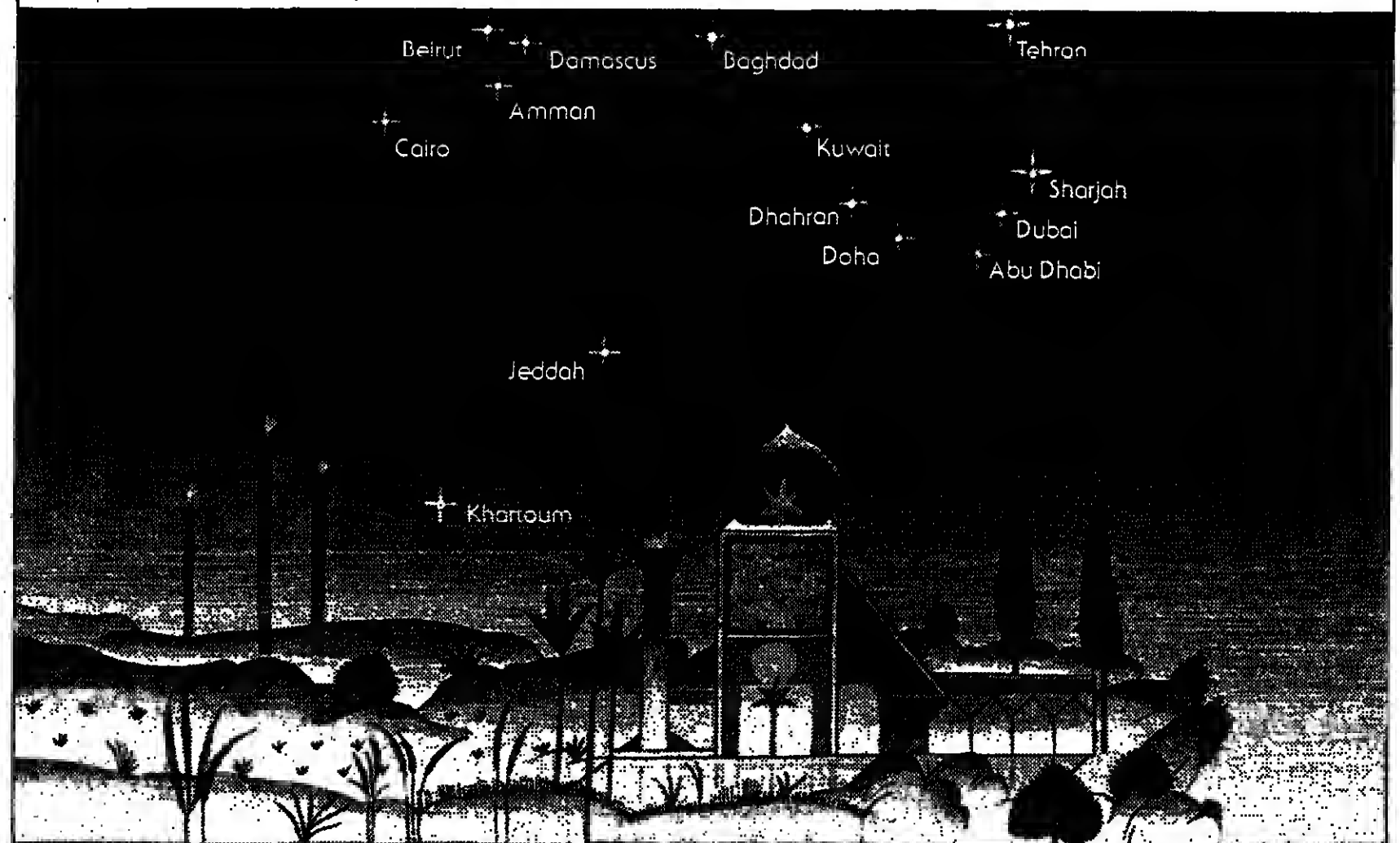
## St. Patrick's Parade Postponed in Boston

BOSTON, March 9 (UPI).—The accumulation of snow from this winter's severe storms has forced the postponement of the annual St. Patrick's Day parade through South Boston.

The parade, originally scheduled for March 19, has been tentatively rescheduled for April 2. A city spokesman said the main parade route up Broadway would be clear enough for a parade by March 19, but not side streets.

Brazil Crash Kills 19  
SAO PAULO, Brazil, March 9 (UPI).—A bus collided with a heavy truck near here early today, killing 19 persons and injuring 5, it was reported.

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## 4 European Stops Sought by Braniff

DALLAS, March 9 (UPI).—Braniff Airways asked the Civil Aeronautics Board yesterday for emergency permission to fly from Dallas-Fort Worth Airport to four European cities to make up for lost revenue on its stalled London route.

In requesting emergency permission to fly to the alternate destinations—Paris, Frankfurt, Amsterdam and Madrid—Braniff said that it would propose rates based on the low fares planned for the London flight.

Meanwhile, in London, British Caledonian Airways announced today that it was seeking a London-Los Angeles air fare of \$269 (\$134.55) one way.

## Power Blackout Hits San Diego Residents

SAN DIEGO, March 9 (AP).—A clock breaker which overloaded on a surge of 12 million San Diego County residents, San Diego Gas and Electric Co. spokesman said. It was the area's biggest blackout.

The power was off for just under 4 1/2 hours throughout the area and for several hours longer in some outlying regions, a company spokesman said.

## Two-Man Submarine Trapped in North Sea

LERWICK, Shetland Islands, Scotland, March 9 (AP).—A two-man submarine engaged in North Sea oil operations became trapped in a depth of nearly 300 feet today, operators said.

The P and O Steam Navigation Co., which is operating the vessel for the U.S. Conoco oil concern, said that it was trapped shortly after noon. "The two men aboard have enough oxygen and food to last eight days," a company spokesman said.

## Turkish Student Killed

ANKARA, March 9 (AP).—A student was killed and two were wounded at a local high school here today when a group of gunmen fired on youngsters standing around the school yard, police said. The gunmen escaped.



## But People Seem Indifferent

## Vote Struggle Goes On in Guatemala

By Alan Riding

GUATEMALA CITY, March 9 (NYT).—A power struggle has erupted among conservative military and civilian groups here over the results of the presidential elections last Sunday, although most Guatemalans seem surprisingly indifferent about the outcome.

Offered a choice between three military candidates and apparently still disillusioned by a blatant electoral fraud four years ago, almost 60 per cent of the registered voters abstained while 20 per

cent ruined their ballots to protest the exclusion of a leftist party from the elections.

But political tensions have risen as repeated delays in the announcement of final results have provoked charges of fraud by the three candidates. All have vowed to "defend" their victory.

## Offices Seized

One, Col. Enrique Peralta Azurdia of the National Liberation Movement, temporarily seized the offices of the electoral council Tuesday with 250 armed supporters to press his claim to victory.

Yesterday, the council was protected by soldiers and policemen. Amid the confusion, Gen. Romeo Lucas Garcia, nominated by a centrist coalition, appeared yesterday to be winning. After a second recount, the electoral council announced at noon that with about three-quarters of the vote counted Gen. Lucas had 173,257 votes, Col. Peralta Azurdia 168,088 and Gen. Ricardo Peralta Mendez of the Christian Democratic party 124,053.

Since no candidate has won 50 per cent of the votes, the successor to President Kjell Laugerud Garcia will be formally chosen by Congress. In past elections it has always endorsed the candidate with the most votes.

## 1974 Fraud

Unlike the 1974 elections, when the government resorted to fraud to insure Gen. Laugerud's victory over a popular leftist candidate, Gen. Efraim Rios Montt, there so far has been no evidence of large-scale ballot-rigging. Rather, the current political crisis appears to reflect the deep division in the conservative military and civilian groups that brought Gen. Laugerud to power.

The general's running mate, Mario Sandoval Alarcon of the National Liberation Movement, arranged the fraud in 1974 with the support of the army. But since then, the President has moved both the government and army toward the political center, isolating and alienating Mr. Sandoval, who decided to run his own rightist candidate in Sunday's election.

The struggle for office between Gen. Lucas and Col. Peralta Azurdia therefore stems from the confrontation between the President and Vice-President. Although Gen. Lucas enjoys the sympathy of the army, Col. Peralta Azurdia is benefiting from Mr. Sandoval's political experience and his effective control of the electoral registry.

As a result, since there were no leftist or reformist candidates for the presidency, the main political significance of the elections could be the exclusion of Mr. Sandoval and his ultraconservative party from power and influence for the first time in more than two decades.

## Tanzania Fears Cholera Spread

DAR ES SALAAM, March 9 (UPI).—More than 400 persons have died since a cholera outbreak began in Tanzania last winter and health authorities now fear a major outbreak here in the capital.

Officials earlier this week closed all primary and secondary schools in Dar es Salaam "until further notice" and school authorities yesterday confirmed they will remain shut until the threat of cholera has totally disappeared. Tanzania had been virtually cholera free until the current outbreak began in November.



In Siberia, winter is long and children are prepared.

## Nature a Major Handicap for Siberia Farm

By Craig R. Whitney

CHIK, U.S.S.R. (NYT).—Winter buries the 70,000 acres of Chik state farm under a sea of snow whose undulating swells stretch endlessly across the Siberian plain. The snow started falling in October; it will not melt until next month.

At this time of year it is hard not to believe that Soviet agriculture would probably flourish from feast to famine even without the problems of forced collectivization.

On a recent day when the temperature stood at a "quite normal" zero-degree Fahrenheit reading, Alexander Kuznetsov, deputy director of the farm, described this region—two days' journey from Moscow on the Trans-Siberian Railroad—as a "marginal agricultural zone."

"We do not have enough rainfall," he explained, "only 12 to 14 inches a year, and most of that usually falls in August and September, in the middle of the harvest."

As in most of the Soviet Union, farmers here have only 30 days to bring in the crops before the soil turns hard as rock under the frost. If the rainfall occurs during those 30 days, it spoils the harvest; where the rains are more plentiful, the land is less arable.

## Drought Year

Last year was a bad year, Mr. Kuznetsov said. "We had a drought," and the flat fields produced 12 bushels of spring wheat an acre although the farm's five-year plan had foreseen 27 bushels an acre, which would have brought Chik up to the productivity in the grain belt of North Dakota.

The grain harvest last year fell below 1955 million metric tons, more than 28 million less than in 1976. About 12 per cent of the crop is grown here in Siberia; about a third of the rest was spoiled by rains in Kazakhstan, which begins a few hundred miles south of here. Officials are trying to make up for the losses by buying grain from the United States—at least 9 million tons so far.

Chik is a model farm—the Russians did not bring a group of Western correspondents here to show them what was wrong with agriculture under Communism—and a lot of what is wrong is simply the weather. Long before Communism and collective farm-

ing came to these latitudes, Russian farmers had to try to get all their field work done in only four to six months, compared with eight or nine for farmers in the West.

With water so scarce, the state farmers dig some of their biggest tractors out of the drifts and plow windrows in the empty fields to try to keep some of the snow from blowing away. "There is not enough rainfall in the growing season for fertilizer to be very effective," Mr. Kuznetsov said in explaining why only about a ton of organic fertilizer was used per acre. "After planting," he continued, "we roll the soil to try to keep some of the water in."

The short working season means, among other things, that during the rest of the year the state-farm employee has little to do. Although every family has almost a quarter of an acre of land from which to sell privately raised produce, the plots are buried under the snow.

Many households have television, beamed from Moscow by satellite. Mr. Kuznetsov said. There are 60 autos for private use by the farm, and there is a waiting list of 50 for new ones, with deliveries coming at a rate of five or six a year.

Alexei Stupnik, a hand with 25 years' service here who was hitch-

ing a powerful work horse to a wooden sled—the farm also breeds horses—said he went to Novosibirsk, 30 miles away on the Trans-Siberian, when he tired of the rural life. "We get permission to go about six times a year," he added, "and the rest of the time, well, we just stay at home and watch television."

His daughter got married in Krasnoyarsk, he said, but his two sons will stay on the farm. Keeping the peasants on the land has been a problem since czarist times. About 8,000 a year flee the isolation of farm villages in western Siberia and move into Novosibirsk looking for urban comforts and industrial jobs. The average wage for farm workers, according to their supervisors here, is the equivalent of \$250 a month. Industrial workers in Novosibirsk get about the same, but their apartments are more comfortable and they get almost all of the meat produced on the state farm.

The managers in the main administration building in this village stop work under a sketch of Leonid Brezhnev, and in the next room Marx and Engels, whose knowledge of farming was confined to what they read in libraries, look down from the walls. Outside is a two-seat outhouse, the only toilet facility.

In the state store across the street there is no meat and a white-gowned saleswoman hales 50-gallon galvanized cans. The assistant director is indignant when asked whether it has been pasteurized. "Don't try to push us down further than we really are," he said as if pure raw milk from the farm was a sign of backwardness.

## U.K. Lists Drop In Immigrants Allowed to Stay

LONDON, March 9 (UPI).—The number of immigrants allowed to settle in the United Kingdom fell sharply last year, according to Home Office figures released yesterday.

The report showed that the total of nonwhite settled immigrants was down 30 per cent from 50,013 to 44,155. Of the 1977 total, 27,742 were accepted on arrival and 16,413 already were residents who became eligible for permanent settlement.

The number of Pakistanis allowed to settle rose 15 per cent from 1976 because of a "clearance" of a backlog of priority applications of wives and young children of Pakistani heads of households already settled in the United Kingdom, the Home Office said.

Officials said that much of the overall drop in the settling of immigrants was attributable to a rules amendment under which men went no longer allowed to settle immediately on marriage but generally had to stay extended for up to 12 months.

## Foreign Minister Accused in Mali

BAMAKO, March 9 (Reuters).—Mali's foreign minister has been arrested and accused of involvement in an attempted coup by three other senior government members arrested 10 days ago, Mali radio said today.

The announcement of Col. Charles Samba Coulibaly's arrest was the first time that Mali has mentioned a coup attempt as the reason for last week's roundup. Mali President Moussa Traore said last week that the defense, interior and security minister, Kisma Doukara, the transport and public works minister, Karim Dembele, and security chief Titioua Bakayoko had been charged with high treason. Diplomatic sources have said the three represented the pro-Soviet element in the government.

## Pravda Attacks China 'Distortion'

MOSCOW, March 9 (Reuters).—Pravda today attacked China for increasing its propaganda against the Soviet Union and said that the Peking leaders were relying on anti-Sovietism to help resolve their internal problems.

China is producing more anti-Soviet propaganda than ever, the Communist paper said. In the first two months of this year a Chinese newspaper published more than 100 articles "arrogantly distorting" the Soviet Union's home and foreign policy," it said. "The strengthening of propaganda against the Soviet Union shows above all that anti-Sovietism remains one of the basic means by which Chinese leaders hope to solve their extremely complex internal political problems," Pravda said.

## S. Africa Crash Is Laid to Radar

RESTON, Va., March 9 (Reuters).—Two 330,000-ton oil tankers collided off the South African coast in December, because the ships were not using their radar equipment properly, an official inquiry into the accident has been told.

Frank Wiswall, a lawyer for Liberia, under whose flag the tankers were registered, said that both tankers had failed to observe Liberian regulations on using radar.

The tankers Venoli and Venpet, identical ships owned by a subsidiary of the U.S. Bethlehem Steel Corp., were damaged in the accident on Dec. 18, but neither sank. Two crewmen were drowned.

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## Henry Wriston, 88, Educator, Adviser to U.S. Government

NEW YORK, March 9 (NYT).—Dr. Henry M. Wriston, 88, president of Brown University from 1937 to 1955 and a principal adviser in the reorganization of the nation's Foreign Service in 1954, died yesterday morning at a hospital after a long illness.

Dr. Wriston became president emeritus of Brown after his retirement, and later served as president and chairman of the American Assembly, a nonpartisan group affiliated with Columbia University and devoted to the study of public issues. The assembly, composed of scholars, businessmen and government officials, held frequent conferences under Dr. Wriston's leadership on subjects ranging from population control to promotion of the arts.

Dr. Wriston, who called himself "a perpetually dissatisfied Republican," headed a committee formed by former Secretary of State John Foster Dulles in 1954 to reorganize and increase the efficiency of the diplomatic corps. The group recommended an increase in pay and allowances, removal of "deadwood" from the corps and other measures to enhance the prestige of the nation's ambassadors.

Among the many positions that Dr. Wriston held were trustee of the World Peace Foundation, a fellow of the American Academy of Arts and Sciences, president of the Council on Foreign Relations and a governor of the New York Stock Exchange. He was the recipient of 24 honorary degrees.

Break in Tradition Before Dr. Wriston, all of Brown's presidents except for the first had been Brown alumni and Baptists. Dr. Wriston was Methodist and an alumnus of Wesleyan University.

He graduated from Wesleyan in 1911 and went on to take Master's and PhD degrees at Harvard. He was appointed an instructor in history at Wesleyan and became a full professor in 1919.

After 11 years at Wesleyan he became president of Lawrence College in Appleton, Wis., in 1925, at the age of 35. In 1937, he became the 11th president of Brown.

In the 1930s he was a critic of the Roosevelt administration for what he called "administrative and legislative injustice" to business and industry in favor of labor unions. In the same decade and thereafter Dr. Wriston was a leader of the fight against loyalty oaths in American education.

In 1960, President Dwight Eisenhower named Dr. Wriston chairman of a presidential commission on national goals. With other members of that panel, including Dr. James Conant, the former president of Harvard; Learned Hand, the jurist; George Meany, the labor leader; Clark Kerr, president of the University of California; and Colgate Garden Jr.,

## UN Rights Unit Halts Cambodia Probe Bid

GENEVA, March 9 (UPI).—The UN Human Rights Commission yesterday shelved a British proposal for an on-the-spot investigation for alleged human-rights violations in Cambodia.

The UN body instead adopted a compromise solution urging the Cambodian government to provide information on reports of serious abuses. It was adopted by consensus.

former representative and governor of Virginia, Dr. Wriston produced a voluminous report called "Goals for Americans."

The report covered objectives in economics, government, education, foreign policy and science. It called for an ambitious program of economic growth in the United States and in underdeveloped nations, an end to racial discrimination in higher education, stepped-up urban renewal and a firm stand against Soviet expansionism, coupled with increased cultural contacts and nuclear arms limitation.

## Sir Roy Harrod

HOLT, England, March 9 (AP).—Sir Roy Harrod, 78, one of Britain's foremost economists and a former economic adviser to the International Monetary Fund, has died at his home here, it was announced today.

During the war Sir Roy, who was knighted in 1950, served first on Churchill's staff at the Admiralty, then as an aide to him as Prime Minister until 1942. He was adviser to the IMF in 1953-54.

His academic affiliation with Oxford University spanned 46 years from 1921 to 1967 and brought him honorary doctorates from the universities of Pennsylvania, Poltava in France, Stockholm and Glasgow. Four times—in 1954, 1967, 1968 and 1970—he was visiting professor at the University of Pennsylvania.

## Gordon E. Cox

VIENNA, March 9 (UPI).—Canadian Ambassador Gordon E. Cox, delegate to the troop reduction talks in Vienna, died yesterday after being run over by a tram, the Canadian Embassy announced today.

## Adm. John Hall

WASHINGTON, March 9 (WP).—Adm. John Leslie Hall Jr., 90, an amphibious commander in World War II, died Monday in Scottsdale, Ariz.

## Russians Detain, Release Women Planning Protest

MOSCOW, March 9 (UPI).—Authorities have released a group of Jewish women and a U.S. citizen's Russian wife who had all been seized as they tried to demonstrate for permission to emigrate, friends said today.

More than a dozen women were taken into custody yesterday and seven others were placed under house arrest to prevent the group from conducting a protest in the city of Moscow.

The only non-Jew in the group was Mrs. Irina McClellan, 38, who was married here in May, 1974, to Woodford McClellan, a professor of Russian history at the University of Virginia. She has not been permitted to join him in the United States.

## Crew Member Killed in Attack On China Plane

HONG KONG, March 9 (UPI).—A flight engineer who apparently tried to hijack a Boeing 737 jetliner enroute from Kaohsiung, Taiwan, to Hong Kong tonight was killed by a security guard aboard the plane.

The pilot and co-pilot were injured when the engineer attacked them in the cockpit of the China Airlines plane, carrying 82 passengers, and 9 crew members.

"I don't know who landed the plane but I'm thankful someone did," a passenger said. "We have no idea where the hijacker wanted to go," a government spokesman said.

Another spokesman said the flight engineer, identified by airline officials as Shih Min-heng, 34, waving a hammer and scissors, apparently tried to seize the plane shortly before it landed in Hong Kong.

## Bundestag Approves Spy Agencies' Merger

BONN, March 9 (Reuters).—The Bundestag today approved a law that would establish parliamentary control over West Germany's three intelligence services.

The government would be responsible to a parliamentary commission in which all three political parties are represented. The proposed law makes clear, however, that the government would maintain overall responsibility for the intelligence services.

## Passion Play Traditionalists Win Elections

OBERRAMMERSGAU, West Germany, March 9 (AP).—Supporters of a passion play script denounced abroad as anti-Semitic have won local elections in this Bavarian village and are expected to reinstate the traditional version of the famous drama.

In the balloting this week, former Mayor Ernst Zwink, a leading opponent of a revised script adopted last month by the outgoing council, won the majority, with 73.9 per cent of the vote. Ulli Strubli, who supported the revised text, got 26 per cent.

Opponents of the revised script, which eliminates references to the collective guilt of Jews for the death of Jesus, captured 12 of the 17 council seats.

"I am convinced that the new council will lift the decision to reform," Mr. Zwink said. The choice of a script for the 1980 passion play was the major issue in the election campaign for the town's 3,844 voters.

## Heads of Turkey, Greece Arrive For Swiss Talks

MONTREUX, Switzerland, March 9 (UPI).—The Premier of Greece and Turkey arrived here today for a two-day meeting aimed at resuming negotiations on the Cyprus issue and other disputes between their two countries.

Constantin Karamanlis, Greece's Prime Minister, and Bülent Ecevit, Turkey's Prime Minister, arrived here today for a two-day meeting aimed at resuming negotiations on the Cyprus issue and other disputes between their two countries.

On arrival, Mr. Ecevit said that there was no agenda for talks and that there would be no concrete agreements at this stage.

"I hope that by establishing dialogue at high political level we will re-establish an atmosphere of confidence and friendship," Mr. Ecevit said.

In addition to the Cyprus issue, the two leaders will discuss the Greek-Turkish disputes over territorial rights in the Aegean Sea and their respective minorities—Greeks in Turkey and Turks in Greece.

## Kidnapped Frenchman Is Alive, Manila Says

BASILAN ISLAND, the Philip-  
pines, March 9 (Reuters).—The Culture Ministry official Piam Huguet, 50, kidnapped by Moslem rebels for a \$150,000 ransom, is alive and well, a local military commander said Tuesday.

The commander confirmed that the Manila government had offered an amnesty to the kidnappers for Mr. Huguet's release, but added: "If they harm him, we will go after them and they will be fugitives for life."

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## THEATER IN PARIS

## Goldoni Makes Case for Women's Rights

By Thomas Quinn Curiss

PARIS, March 9 (IHT).—Clemente Santelli's staging of Goldoni's "Les Rustres" (at the Théâtre de la Michodière) is an exemplary production of a classic. It neither overemphasizes the picturesque 18th-century Venetian setting so that the play is drowned in tableaux pageantry, nor does it distort the text with "modernizing" directorial anarchy so that it becomes indistinguishable from a revival of "Hellepoppin'."

Goldoni, like most reformers, had to leave home and, like many of them, he came to Paris. He revolutionized the Italian theater by taking failure as his model and by turning his back on the impoverished commedia dell'arte and the fairy-tale fantasies of his brilliant contemporary, the exquisite Gold. Every good deed is rewarded with its punishment and for his innovations Goldoni was showered with abuse and the playhouse intrigues grew so thick and hot that he moved to France.

This strategy proved sagacious. He soon had the support of the king and court and his countrymen, smothered by the French, accepted his work and have treasured him ever since.

He was not an exceptionally humble man, as he confesses in his cheerful, sunny memoirs, but he was modest about his writing. He knew his worth, but after a triumphal premiere he would sit down in his notebook: "Good—but not yet Molière." His admirers dubbed him "the Italian Molière," but he was not. In his keen observation of human foibles he emulated his French

master, but his good-natured approach is closer to the gentle Goldsmith. It was not in him to write as bitter a satire as "Tartuffe" and his pesty would have balked his pen in ridiculing religiosity.

## Boorish Husbands

His aim was humor and his attack on absurdities is largely surface but always funny. In "Les Rustres" he speaks in favor of women's rights, but without the noisy acrimony of the present movement. He caricatures a set of boorish husbands and lets the case make its own statement, which it does in the name of common sense.

It's skill is apparent in his contrasting of various specimens of household tyrants and bres. There is the ferocious misanthrope who wants to see no one and who longs to be left alone. There is the henpecked hubby, milder in temperament, but a drag. He hates going out, has no conversational abilities and politely but significantly conceals his yawning when in society. Another is the household tyrant, infuriated when crossed—which is often. They are all distinct individuals. Goldoni drew their portraits 200 years ago, but you have met their kind again and again.

The scene is carnival Venice in the 1750s and the intrigue revolves about a prospective marriage, almost prevented by a gaff. The plot is slender, but it is sufficient for a merry romp and the excellent acting is in the spirit of the occasion.

Michel Galabru is the "heavy" father, determined to maintain law and order and his strong,

loud will over his family. His rowdy, full-blinded characterization dominates the evening. Georges Geret is the husband who craves peace and quiet and Pierre Mondy is the bland, sleepy dandy. Neddy Borghese, Christine Mitzner and Magali Rancit are ladies bewitched by the good manners and attentions of a nobleman visiting Venice for the festivities.

At the Michodière, "Les Rustres" has verve, style and charm, offering an evening of fine entertainment.

For reasons impossible to decipher, "Hotel Particulier" has received an elaborate production at the Théâtre de Paris. Raymond Rouleau has directed and has selected a company of 14, all players of the first order, for its interpretation. Why? The feeble excuse for a boulevard sex farce, written by Pierre Chesnot, would never have passed muster at the Palais-Royal, even in the off season. Its running joke was time-worn when Plautus used it 2,200 years ago in Rome and it has been employed to more clever purpose since.

An impoverished widow of social standing, beset by creditors, accepts an offer to rent her mansion on certain afternoons. Her home becomes a brothel and learning this, she enters into the profitable affair. The complications and the misadventures the situation involves may be imagined and they have been imagined more amusingly by countless playwrights. An American variation of the general theme, "Lost Sheep," portrayed

Carlo Goldoni, the "Italian Molière," is having a revival in Paris—"Les Rustres."



a clergyman with three attractive young daughters renting a former sporting-house to which the former customers continued to arrive, mistaking the girls for a fresh shipment of prostitutes.

Among those enlisted to give the seedy Chesnot script a boost by their presence are Micheline Londeau as the mistress of the house, Corinne Marchand as the madame who leads her astray, Jacques Castelot as a polished aristocrat, Ginette Garcin as an awkward call girl drafted to double as a parlormaid, Françoise Marie as a neighboring nun

who flits about, Odile Malbet, Claude Laydu as an influential roué, Charles Joubert as a corrupt police official and Claude Nicot as an honest suitor who stumbles into the fracas. If there are no better new farces to be found, producers would do better to resurrect some old ones.

Phyllis Rooms will open her one-woman show, "Help, Mummy, Help," a vehicle consisting of bilingual sketches and songs, at La Mama du Marais (19 Rue Ste-Croix de la Bretonnerie) on March 15. Curtain time is 8 p.m.

been meticulously re-created. Carol Channing, who has played the role more than 1,500 times, appears again as Dolly Levi. But if her performance is by now "defoliated," Lee Roy Reams and Robert Lyndard are full of "charm and comic exuberance" as Cornelius and Barnaby, the oppressed employees of the Yonkers merchant, Horace Vandergelder (Eddie Bracken), who have turned up at the milliner's shop during their spree in town. They are smitten, respectively, with the shop's owner, the Widow Molloy (Florence Lacey) and her assistant (Alexandra Korey). Vandergelder, who intends to marry Mrs. Molloy, soon appears, followed by Dolly, who intends to marry him. Though "Dolly" still has "enough charm for a revival," Elder adds that the problem with "re-creating every nuance" is that "more or less as Heracles said, you can't bathe twice in the same flood."

## Plays

"Hello, Dolly!" that old classical musical about a flamboyant matchmaker bent on making a match for herself, "is not a revival but a return," according to Richard Elder. Under the direction of Lucie Victor, "every rhythm, every step of the original has

portable tape deck everywhere he goes, alternately blasting classical music and rock and roll. This restless finger tapper, whose machismo "is enough to make Tarzan blush," becomes entangled with an "elusive, mysterious" girl, Tess Farrow, who "gives a performance of such low wattage she barely seems plugged in." Toback hasn't "put his hero in any kind of dramatic perspective," Miss Maslin adds. And he is "apparently unwilling to explore him in terms more intimate than those of an introductory psychology course."

"Fingers," which marks the directorial debut of screenwriter James Toback, is about "a man who has no friends and who doesn't deserve any." Janet Maslin says. Harvey Keitel plays the lead role of Jimmy, a sexually troubled character, resented by his mother, hated by his father, whose desire to create a wall against the rest of the world manifests itself in a tendency to carry around a

## WINE

## Paris Artist Scores With Bar-Store

By Jon Winroth

NOISY-LE-ROI, France, March 9 (IHT).—A Parisian artist, Fernand Cohen, and his wife, Josette, have put together here an unusual and very pleasant combination wine store, wine bistro and restaurant.

Les Caves de la Tuilerie is the sort of establishment you might expect to find in a suburban shopping center where everything would be ultramodern and plastic, including the food and wine. Not here.

The Cohens bought a marvelous old building with an ancient undulating tiled roof that stands several hundred meters from the entrance to the Saint-Nom-La-Brette golf course. It was formerly an *épicerie-bouquetier* (grocery) but it had a nice garden and six months ago they redid the place entirely.

They exposed the wooden beams and stone walls, put in a good new kitchen, built a patio with a barbecue in the garden for summertime outdoor dining and brought in a good selection of wines to sell by the bottle or case, at table or in the bar. The idea

caught on quickly with local residents.

The Cohens are friendly and easygoing, and the food and wines are good and reasonably priced. Although Mr. Cohen has no professional training as a cook, the produce is always fresh and seasonal. The dishes are simple and well prepared, some traditional, others more imaginative, such as stuffed squid, raw scallop salad and fish stew.

What makes the triple formula work, Mr. Cohen said, is that "no one has a cellar in modern suburban houses. Clients taste a wine at the table and then take home a case or two on the way out." The golf course brings us a lot of clients, including many Americans. After a day of golfing, they stop off for a drink in the bar and take home some wine. "The same goes for after hiking, another popular way of getting exercise in the suburbs."

The Cohens' wines (all of which are on view in the bar-store) include a good although limited selection of Burgundies and Bordeaux. Two good samples are the Blagny (red Meunault) and Châteauneuf-Laudenne red from the Médoc.

The Cahors sells especially well and there are a few unusual and very good wines, such as U Noctale, a Corsican wine, and a white Cheverny Sauvignon from the Loire. Most of the Beaujolais growings are available as are a few crus classés from Bordeaux and Châteaux Giscours (Médoc) and Figeac (Saint-Emilion).

Among the Champagnes is grower Jean Vesselle's outstanding *Bouzy blanc de noirs*. The 1931 Fins Bois Cognac and 1940 Armagnac are both remarkable.

Les Caves de la Tuilerie, Route Nationale 307, Hameau de la Tuilerie, 78590 Noisy-le-Roi. Reserve for the restaurant (Telephone: 460.50.45). The bar and store are open from 10 a.m. to 3 p.m. and 7 to 11 p.m.; the restaurant from noon to 2 p.m. and 7 to 11 p.m. Closed Wednesdays.

To drive there from Paris, take the autoroute de Normandie to the second exit for Versailles. Turn left over the autoroute toward Versailles. Two hundred meters further, turn right onto R.N. 307. Seven kilometers on this road will bring you to the Hameau de la Tuilerie.

## SHARPS AND FLATS

Fats Domino, touring Europe, will be in Amsterdam March 10 at the Jasp-Edenhal at 8 p.m. and in The Hague on March 12 for two shows at the Congressgebouw at 7 and 11 p.m.

Charles Aznavour, in a series of one-night stands in the Netherlands, is in Rotterdam March 10 at the Doelen at midnight; in Utrecht the following night at the Congressgebouw at 8 p.m.; in Amsterdam March 13 at the Concertgebouw at 8 p.m., and in The Hague March 14 at the Congressgebouw, also at 8 p.m.

Bob Kaye is in Amsterdam March 10 and 11 at the Jazzland, and in Loosdrecht March 12 at the Captain's Cabin.

GENEVA—Nancy Holloway, just back in Europe from a tour of the Far East, is appearing nightly at the Club 68 with the American group Inc.

The Vienna Benedetti Quintet-High Place will be in Zurich March 10 at the Kaufleuten and in Biel the following night at the Théâtre de Poche.

LONDON—Renaissance plays the Hammersmith Odeon March 11 at 8 p.m., followed the next night by the Stravinsky, also at 8 p.m. and The Manhattan Transfer will be featured at the Palladium from March 13-19.

with two shows on March 18. Guitarist John Williams comes into Ronnie Scott's for a week on March 13, replacing the George Coleman quartet.

BRIGHTON—Shirley Bassey and the New Seekers will be at the Centre on March 15 and 16. PARIS—Wild Bill Davis and the Dany Doris sextet are at the Cava de la Ruchette from March 11-14. Wallace Davenport is at the Club Zed through March 19. The Lou Bennett trio will be at the Stadium March 15, followed by the Sam Rivers trio on the 16th and the Robin

Kenyan quartet on the 17th. Carrie Smith and the Michel Aitkenou band are at the Bar Patio in the Hôtel Mérienne, and Rhoda Scott opens for a long engagement at the Club St. Germain on March 14.

Baritone John Littleton has recorded the theme from the TV production of "Roots" on the Philips label.

This week's top single record in the United States is "Smile" by Samantha Sang, and in Britain, "Wishing On A Star" by Rose Royce.

—FRANK VAN BRAKLE.

## ARTS AGENDA

Ermanno Wolf-Ferrari's "I Quattro Rusteghi" will be given a new production on March 12 at the Vienna Volksoper, staged by Veli Rella and with sets and costumes by Peter Heyduk and Max Tschumko. Franz Beyer-Theussl will conduct a cast headed by Elisabeth Sobota, Nobuko Nezu, Jeanne Frenck, Ernst Gutschel and Robert Grunzer. Other performances are scheduled for March 19 and April 4.

"Dolce Stil Novo" by Philippe Hersant will be given its first performance and "Pranam I" by Giacomo Scelsi will have its

French premiere March 13 at a concert of the ensemble L'Imbrake at the Nouveau Carré in Paris. Joel Thome is the conductor and Mifiko Hirayama, Maureen McAlley and Nell Proger the vocal soloists in the program that also includes George Crumb's "Ancient Voices of Children" and Michael Levinas's "Vols dans un Vaisseau d'Alain."

Alan Bennett's play "Habeas Corpus" will be presented by the Footeney Players, the Unesco English Drama Group, March 15, 16 and 17 at 7 p.m. in the Salle de Cinema at Unesco, 7 Place de Fontenay in Paris.

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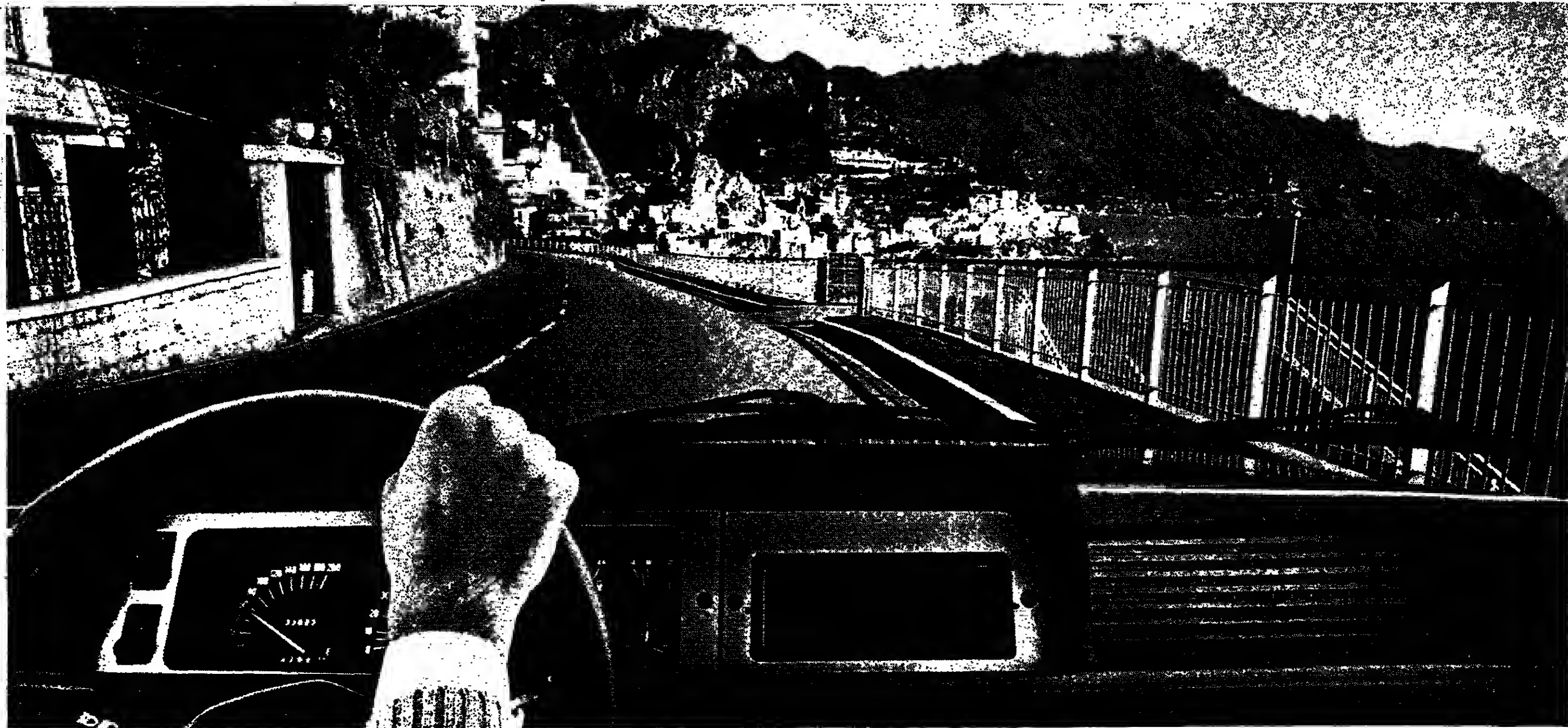
And many European cars are half-Italian as it is; they're designed by free-lance Italian designers.

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## The Unpredictable Left

The Communists appear to have won a foothold (but not a seat) in the Italian government. The party north of the Alps also is sanguine about its prospects in the imminent French elections, although predicting the outcome of French balloting is one of the more hazardous occupations and the Socialist allies of the Communists are still not on the best terms with them. But the greatest difference between the French and the Italians in this political area is that the Italian official left, including the Communists, is as cautious as the West German Social Democrats or the British Labor party.

It is not easy to say how this distinction occurred. The French left, like that of the rest of the Continent, has had ample opportunity to note that radicalism may not work well in practice; that nationalized industries may be a burden to the taxpayer while private industry produces money for the stockholder, jobs for the worker and national wealth. The Communist example in Europe also has done much to deflate the illusions that sustained the radical left a generation ago.

Moreover, the French have a tradition of

maintaining parties with exciting names and conservative programs—the Radical Socialists, for example. But they have also had, since the Fifth Republic was instituted, predominantly conservative governments. They have certainly worked better than those of Italy, but there are economic stresses now that appear to find outlets in adventurous forms of Socialism and Communism; in hopes for extensive nationalization and broad wage increases.

In any case, the difference between the policies and programs of the parties of Valéry Giscard d'Estaing and Mitterrand is pronounced; between those of the Communists and the Gaullists it is even more so.

In plain fact, however, the French have demonstrated fundamental strength. France remains a political and economic power in its own right—not on some Bourbon, Napoleonic or even Gaullist basis, but one in which a democracy has surmounted obstacle after obstacle, and still presents a rightfully proud Marianne to the world. And that, rather than opinion polls or even votes, is the real gauge for viewing the coming elections with hope for a France eternal.

## Unending Human Rights Review

Two and a half years ago, the United States, the Soviet Union and 33 other states endorsed the celebrated "Helsinki final act." It ratified the territorial changes wrought in Europe by World War II, abjured the use of force for settling disputes, and committed the signers to a variety of measures to protect the human rights of their citizens. They also undertook to meet again at Belgrade two years later to assess what they had done—and not done—to make good on their commitments.

The long Belgrade review is now ended. The only formal result of four months of labor is a brief communiqué noting that the delegates met, talked and agreed to another review in Madrid in 1980. To many observers, that meager result demonstrates the futility of the process begun at Helsinki. An honest reckoning, they say, would have noted modest progress in fulfilling some provisions of the Helsinki accord—to make surprise attacks less likely and to facilitate trade and investment—while recording the failure of the Soviet Union and allies to show the promised respect for human rights.

That would, indeed, have been an honest reckoning. But Belgrade should not therefore be written off as useless. It was inconceivable from the outset that Moscow and the Warsaw Pact countries would confess their human rights violations or put their signatures on a closing statement that even hinted of any. The Communist states had reluctantly agreed to include human rights in the Helsinki declaration to obtain formal Western recognition of their World War II frontiers. But they wanted nothing from the

West at Belgrade and felt no need to concede anything.

Still the "thorough exchange of views" mandated at Helsinki occurred at Belgrade. Western delegates were able, over a period of weeks, to detail the ways in which the Communist governments had failed to live up to their commitments, and the Communist representatives had to listen. Even more important was the agreement to meet again in Madrid. The Helsinki accord required only one review. But at the insistence of the West, and particularly the smaller neutral governments, the Communist governments felt impelled to agree to another likely embarrassment in 1980.

Failure to schedule another meeting would have undercut the unofficial "monitoring groups" that have been formed in virtually every country to agitate for human rights in the name of the Helsinki pledges. A group headed by Yuri Orlov in the Soviet Union and one called "Charter 77" in Czechoslovakia are the best known, but there are others. For more than two years, the approach to Belgrade gave their courageous members a focus. Now Madrid 1980 will serve a similar purpose—and allow the Western governments to keep using the findings of those monitors to document charges of Communist failure.

Helsinki gave every participating nation the right to inquire about human rights abuses by any of the others. By reconfirming that right, Belgrade marks a modest but significant accomplishment.

—From an editorial in The New York Times.

## Israel's Debate

The fight in Israel over peace negotiations is the best thing that's happened in the Middle East since Anwar Sadat went to Jerusalem. It shows that Israelis, rather than stomp on a policy that threatens to cost them a perhaps irreplaceable opportunity for peace, are rethinking the hard questions. Note that the argument lies not simply between the ruling Likud and the Labor opposition, but inside the government and, indeed, inside the very faction of the governing coalition to which Prime Minister Begin belongs.

The most striking challenge is that of Defense Minister Ezer Weizman, conceivably a successor to Mr. Begin, who said he would resign if his government permitted the expansion of settlements in occupied territories to go on in defiance of his orders as head of military occupation. True, that does not go directly to the larger question of whether Israel should expect to retain those settlements in a peace agreement. But Israelis are far from unanimous that they should keep those in Sinai, or keep them permanently. And across much of the political spectrum, there is more or less open opposition to the government's recently clarified view that the return of territory contemplated in UN Resolution 242 did not include the West Bank.

The various aspects of the settlement issue are different in substance and in political implications. It is relatively easy for expansion work to be halted at least until Mr. Begin comes to Washington. He's due next week, and if he then agreed to halt work for a longer period, that would be useful but not necessarily conclusive. More important

is the slowly growing recognition that, to keep Anwar Sadat at the peace table, the government should offer both a more forthcoming formula on the Sinai settlements and a position on the West Bank that will let Mr. Sadat draw King Hussein to the table, too. The relevant question for Israel is not whether they would prefer to hang on to the settlements but whether they would prefer to do so at the expense of losing everything that became possible at Jerusalem last year.

The Israeli government, finding the debate painful, will naturally try to fragment and divert it, most likely by appeals to the deep and diplomacy-paralyzing security emotions so many Israelis have felt practically since birth. But if, as we suspect, Israel needs at least one racking internal crisis to concentrate its best judgment, then it is a debate that friends of Israel must urge on.

The U.S. role is to help force the debate, by remaining steadfast in its own view—which we find to be generally a correct and courageous one—of what the peace process requires. Some Israelis, and some U.S. Jews, are tempted to play up the aspect of Israeli-U.S. confrontation inherent in that process. Presumably they think it's a clash that Israel, with its political leverage in this country, can win. We wonder about that, but no matter. The real and necessary confrontation is in Israel proper, between those who sense the opportunity opened up by the Sadat initiative for a measure of imperfect but growing security beyond anything Israel can otherwise know, and those who don't.

THE WASHINGTON POST.

### In the International Edition

#### Seventy-Five Years Ago

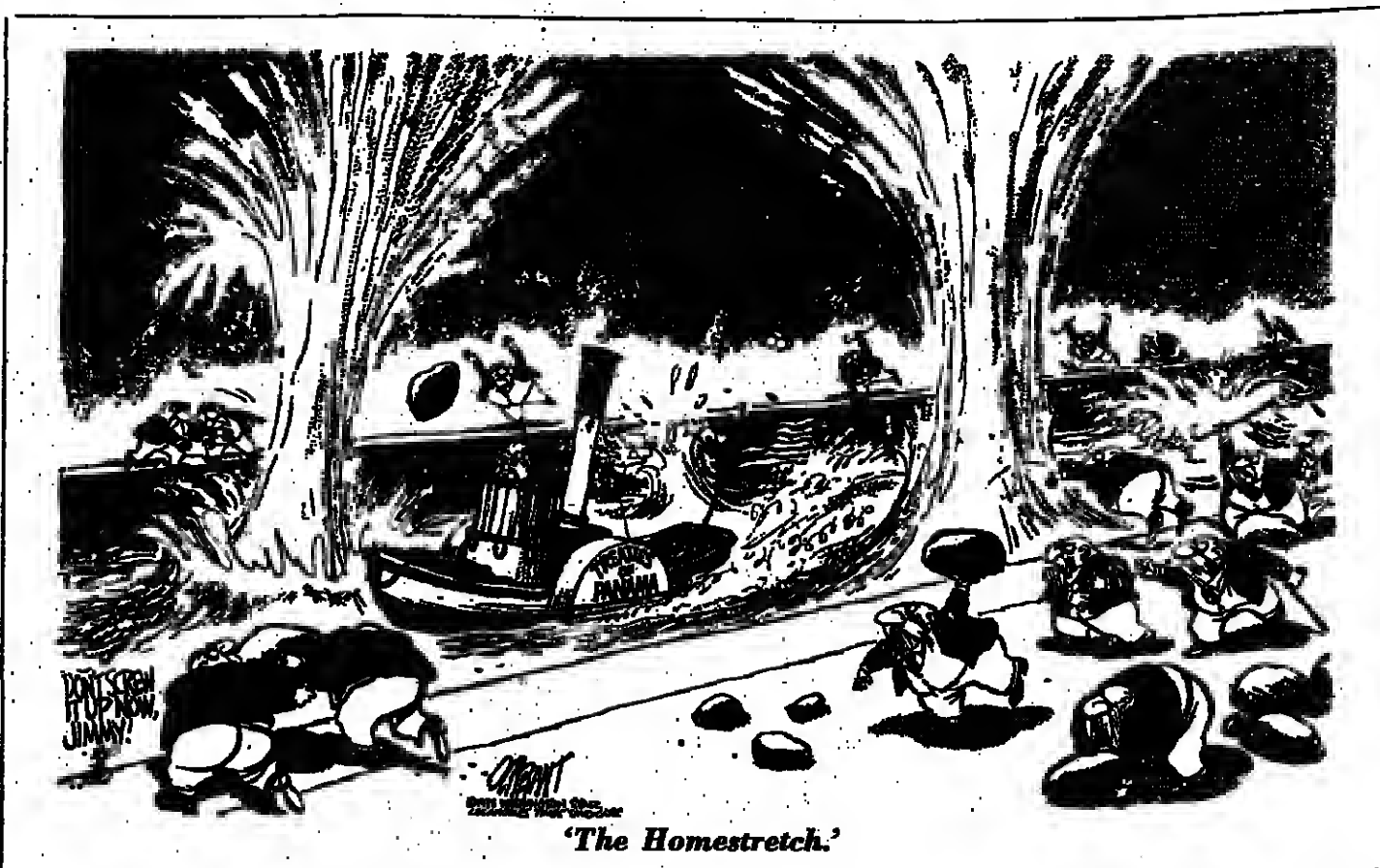
March 10, 1903

LONDON—The Daily Telegraph in an editorial on the demands for an increased expansion of the British Navy, says: "France, Russia and Germany are hurrying forward their shipbuilding, and we cannot afford to be left behind in a race on which our national and imperial existence is staked. But somehow, for some unexplained reason, there doesn't seem to be the least amount of panic in our expansion, and there definitely should be."

#### Fifty Years Ago

March 10, 1928

NEW YORK—The fair, moderate weather which the East has been experiencing this winter came to an end abruptly when a heavy snowstorm descended on New York this morning. By noon it had steadied down to a heavy snowfall and forecasters predicted a genuine winter for the next few days. There was also a bit of unseasonal weather on the other side of the Atlantic in Paris, which also suffered from shivering winds and a light snowfall this morning.



## Protecting CIA Secrets in an Open Society...

By Anthony Lewis

BOSTON—As director of the CIA, William E. Colby put great emphasis on the need to protect intelligence secrets. He helped develop a legal strategy for secrecy, and he repeatedly asked Congress for a law to restrain leakers.

So it is news when Colby changes his approach. The other day, in little-noticed testimony before a Senate Intelligence subcommittee, he made a careful proposal to balance the interests of security and freedom. His thoughts should be helpful to Carter administration officials, who are struggling right now with the old problem of how to keep some secrets in our open society.

Colby proposed legislation to protect "secret intelligence sources and techniques." His basic idea was to define those secrets narrowly, and apply the statute only to people who had specifically promised to keep them secret.

Such a carefully aimed law would be both more credible as a threat and less worrying to civil libertarians, he argued, than broad laws against leaks.

'Improper' Acts

"We all know," he testified, "that the total secrecy which characterized intelligence in the past included many unnecessary secrets, and that some of these covered activity improper at the time. We must give a signal... that America will not try to keep unnecessary secrets but that it does have the will and the machinery to keep the necessary ones."

In the past, Colby has urged legislation to let the government go to court and get injunctions against any prospective leaks of classified intelligence information. He was also involved in developing the legal theory that secrecy agreements signed by CIA employees are legally enforceable contracts—the theory recently invoked by the Justice Department to seek damages from Frank Sargent for publishing his book on Vietnam without agency clearance.

Those ideas Colby now disavows. He told the Senate subcommittee that the government should not "turn frankly to attempts to enforce contracts or obtain damages." And he indicated that the constitutional presumption against prior restraints, spelled out by the Supreme Court in recent years, made injunctions a doubtful remedy.

Instead, Colby urged a narrow criminal statute. It would cover only intelligence sources and techniques "vulnerable to termination or frustration by a foreign power or person." And it would apply to intelligence personnel who had signed secrecy agreements.

Ford's Bid

President Ford, on Feb. 18, 1976, proposed legislation to protect intelligence sources and methods. It never got anywhere in Congress. Colby's proposal has the same object but may be more attractive because it differs significantly in method.

1. The Ford bill would have allowed either criminal prosecution or injunctions against disclosures. Colby's approach excludes the latter.

2. The type of secrets to be protected would be strictly defined, and courts would hold in camera hearings to decide whether the material in a particular case met the definition. These would be adversary proceedings, with counsel for the defendant participating.

3. Journalists or other third parties who had the information could not be prosecuted and would be protected from having to disclose, under subpoena, where they got it.

4. The statute would be the exclusive way to proceed against disclosure of intelligence sources and techniques. It would also carry an obligation to submit manuscripts for clearance; but if an ex-employee submitted one voluntarily and it was cleared, he could not be prosecuted.

An approach like Colby's could have political as well as legal advantages. For those concerned about security, it offers greater certainty in protecting real intelligence secrets. For civil libertarians it offers an end to the chilling effects of prior restraints in this area, enforced by judges with no guidelines on what is a secret.

The proposal could also help President Carter get out of what

seems to be some embarrassment over the suit against Mr. Sargent. Asked about the case last week, Carter retorted testily to the danger of intelligence people "revealing our nation's utmost secrets." But there is no claim that Sargent's book reveals any secret intelligence sources or methods, and the suit would not lay down any standards of secrecy; only Congress, in the legislative process, can really do that.

The dilemma is always how to safeguard genuine secrets—the names of agents, for example, while not preventing the disclosure of abuses that we know have occurred in intelligence agencies. Of course Colby's proposal would not accomplish the total reform of our espionage laws that experts think is needed. But it would deal precisely and persuasively with what most think is the immediate problem.

## ...And the Shcharansky Case

By Rowland Evans and Robert Novak

WASHINGTON—At the moment the State Department and the CIA were mapping plans to concede nothing to Moscow in the Shcharansky "spy" case, the No. 2 man on the National Security Council staff leaked authoritative word that could gravely damage Anatoli Shcharansky—a tragic case of ineptitude at high levels.

David Aaron, NSC director Zbigniew Brzezinski's top deputy, leaked to Time magazine that Shcharansky's onetime roommate in Moscow, Sanya Lipavsky, indeed worked for the CIA briefly in 1975. That leak (officially denied to us by the NSC) infuriated top officials at both the State Department and CIA.

Aaron's move seems dictated by a desire to spare the United States the unpleasant surprise of an ex-CIA agent testifying for the prosecution at Shcharansky's espionage trial. But unwittingly, Aaron's leak lends superficial plausibility to the trumped-up charges against

Shcharansky, leader of the once-flourishing Soviet dissidents. Besides potentially doleful consequences for Shcharansky, this bizarre turn of events further weakens confidence in the present conduct of superpower politics in Washington. From the start, the Carter administration's management of the Shcharansky affair has been bungled.

Intelligence sources here say Lipavsky was that familiar figure in Soviet history—the double agent. While working for the CIA, he was also an agent of the KGB. After he blew the whistle on himself by admitting espionage for the CIA, Lipavsky would finger Shcharansky as another "spy." That would deal a lethal blow to the dissident movement.

Aaron's establishing and apparently unilateral decision to leak the truth about Lipavsky was obviously tied to the astonishing decision made by President Carter last June. He stated then that Shcharansky, already under arrest, "has never had any sort of relationship to our knowledge with the CIA."

That was the first recorded case of a president publicly exonerating a foreign national from his own government's charge of spying for the United States. It gravely unsettled the CIA. By claiming Shcharansky's immo-

cence, Mr. Carter inadvertently may have weakened him. To find him not guilty, the Russians would have to uphold the President's word against their own charge.

Unanswered

That may partially explain the exhaustive buildup of the Soviet case and the brutal use of Lipavsky to entrap Shcharansky. Unanswered is this question: Why did Aaron tell the truth about the Lipavsky-CIA connection at this particular time and against the accepted rules of the intelligence game?

The answer, as supplied by others (Aaron did not return our telephone calls), finds its source in developments in Moscow the first week of March. As the Shcharansky trial neared, U.S. reporters learned that proof of the CIA-Lipavsky link would be part of the trial.

High officials at both state and the CIA, informed of that fact, made a conventional decision: If and when Lipavsky's CIA link emerges at the trial, the United States would simply deny the evidence. However, if hard evidence were presented, the United States could always acknowledge the truth if needed.

But at the NSC, Aaron panicked. Those familiar with the case say he feared sudden headlines in the midst of the trial, naming Shcharansky's friend Lipavsky not just as a "walk-in" CIA volunteer but perhaps as a target deliberately recruited by the CIA. If the Russians came close to proving that, they could undermine the President's public statement that Lipavsky's friend, Shcharansky, had no connection with the CIA (no matter how true).

Protection

Under this reasoning, Aaron's decision to leak Lipavsky's CIA connection—as a "walk-in" recruit who was obviously a KGB plant—had one purpose: to protect Mr. Carter from embarrassment. But Mr. Carter never would have needed protection had he not publicly vouched for Shcharansky.

Aaron's leak smacked of that very amateurism which persuaded the President to go public on Shcharansky last summer, based on a naive assumption that truth was the best policy.

For those still blind to Soviet reality, Moscow's real interest in the truth has been demonstrated again in the Shcharansky case. The single most effective pro-Shcharansky witness, a young dissident named Dina Beilin, has suddenly been ordered to emigrate after six years of waiting for permission. She will not be present at the trial. Against this backdrop in Moscow, the naïveté in Washington is cause for concern.

## Tito Takes One of His Last Bows

By Joseph Kraft

WASHINGTON—This time Marshal Tito did not come to Washington—as he once did—as a confident Third World leader reading lessons in peace and equality to the horrible Big Two. On the contrary, he has been on the defensive.

In what is probably his last bow, the 85-year-old statesman has been making a world tour to assure the security of Yugoslavia after his death. What worries him—and what ought to worry all Americans more—is the fragility of détente between the Soviet Union and the United States.

Tito's changed role reflects in part an evolution in what was called—because it stood between the U.S. and Communist bloc—the Third World. Though poor and underdeveloped, these in-between countries of the southern continent found tongue immediately after the war in a crop of renowned leaders identified with liberation and unification. Nehru of India, Nasser of Egypt, and Sukarno of Indonesia were among them. So was Tito, who helped free Yugoslavia from Hitler and then successfully stood up to Stalin.

But what used to be a bipolar world fragmented when the Chinese split with the Russians. From that point forward it was impossible to define a policy simply by being nonaligned between Washington and Moscow.

Diminished Role

With his international role diminished, he turned his attention to the future of his own country. In what amounted to a coup from the top, he swept aside the regional chiefs who had established themselves in Yugoslavia's six different republics. He rebuilt the party and the army in ways that would emphasize national unity.

Then early this year he set out on a world tour. Before coming to the United States, he visited the Soviet Union, China and France. Next he will go to Britain. Everywhere he has been asking—and getting—the pledge that President Carter gave in support of Yugoslavia's "independence and integrity."

But why does the old man care so much about getting assurances for the future? Because the future is not all that safe for Yugoslavia, and not only because the rivalries among the basic ethnic groups in the country persist.

The great peril is the weakening of détente between the United States and the Soviet Union. More perhaps than any leader in the world, Tito is sensitive to the underlying forces which now work to push the superpowers apart. He has seen close up the aging of President Leonid Brezhnev and the stiffening of policy as the Soviet succession crisis begins to take shape.

At the same time he has been made keenly aware—if only by the demonstrations against Yugoslav leaders meeting in Belgrade, official dislike in this country for warm dealings with Communist states. Thus by far the most interesting feature of Tito's recent interview with James Reston (NYT, March 6) was his complaint about hostile demonstrations by dissident Yugoslavs in this country. "Whenever I visited America, as head of state," he said, "there gathered at the place where I stayed a whole bunch of Tito-haters and Chetniks who escaped from our country's Fascist and collaborators of the Fascist occupiers."

Sensitive

Not only is he sensitive to the forces working against relaxation of tensions in the Big Two, but he is also sensitive to the outcome. He has seen in his own backyard the rearmaments between America and Russia in the recent Belgrade meeting on human rights. He knows about Russian penetration in the Horn of Africa and the fumbling U.S. efforts to head it off. He is fully mindful of the Soviet military buildup and of the slow pace of the arms control talks.

Seen, in other words, that the United States and the Soviet Union are both carrying situations in which they have less to gain from détente and less to lose from confrontation. That makes for an unstable atmosphere, and in an unstable atmosphere Yugoslavia becomes probably the world's leading candidate for Soviet pressure.

Unfortunately Tito lacks the clout to exercise much influence on either Washington or Moscow. So the best hope is that he can educate President Carter and his less cautious advisers to the dangers of the gulf between the Soviet Union and the United States which they are allowing to widen every day.



## Japan to Seek U.S. Action on Dollar

By William Chapman  
TOKYO, March 9 (AP)—The dollar suffered another beating on Japan's foreign exchange today and worried government officials began demanding that the Carter administration act quickly to stem the currency's decline.

## Dollar Hits Low Against Yen, French Franc Under Pressure

LONDON, March 9 (AP)—The dollar managed to firm against most major currencies in moderate European foreign exchange dealings today without the need for any appreciable European central bank support and in the absence of any new major developments.

## Japan Exports Show Gain of 18.9 Per Cent

TOKYO, March 9 (AP)—Certified exports, which show the export trend over the near term, rose by 18.9 per cent in February from a year earlier to \$7.4 billion, the government said today. This followed a yearly increase of 22.4 per cent in January.

Japan's certified exports rose 1.4 per cent from January, the Ministry of International Trade and Industry said.

On a yen basis, February certified exports were down 2 per cent from the year-earlier month but up 1.2 per cent from January.

Meanwhile, corporate bankruptcies in February totaled 1,212 cases, up 6.2 per cent from 1,141 cases in January but down 11.1 per cent from 1,364 cases in February 1977.

Tokyo Shoko Research Ltd., a private corporate credit inquiry agency, said liabilities left by the collapsed companies in the month hit an all time high for a month and were up 182 per cent from the prior month and up 158.6 per cent from the year-earlier month.

The agency attributed the sharp increase of debts in the month mainly to the large scale failure of Eidal Co. and its affiliates.

## U.S. Wholesale Price Rise Biggest Since November '74

WASHINGTON, March 9 (Reuters)—U.S. wholesale prices as measured by the Labor Department's finished goods index rose a seasonally adjusted 1.1 per cent in February after a 0.8 per cent rise in January, the department said today.

The department's all-commodities index jumped 1 per cent for February compared with a 0.8-per-cent rise for January.

The finished goods index was the biggest since the 1.9-per-cent rise in November, 1974, the department said.

Food prices rose 2.9 per cent in February, also the biggest increase in 39 months, compared with 1.1 per cent in January.

Excluding foods, the finished goods index was up 0.4 per cent in January, compared with 0.8 per cent in February.

The all-commodities index, the traditional wholesale price measure which the Labor Department plans to phase out in favor of the finished goods index, stood at 302 per cent of its 1967 average in February. That was 6.2 per cent ahead of a year earlier.

The department said the February finished goods food index appeared to be partly due to the impact of adverse weather on supplies of some items.

Prices for intermediate goods rose in February by the same 0.8 per cent as in January. Excluding foods and fees, prices rose a slower 0.8 per cent compared with January's 0.9 per cent, the department said.

In the consumer durables sector, jewelry prices fell, while prices for cars, furniture and mobile homes rose more slowly. Prices of gasoline and heating oil fell.

Prices of industrial and agricultural machinery and other producer goods rose 0.7 per cent in February after January's 0.5-per-cent rise. It was the biggest increase since the 1.3-per-cent rise in October.

search for emergency measures to prevent the yen from rising even higher against the dollar in the next few days.

These ministers let it be known they will press the Carter administration to act swiftly to bolster the dollar, and they also prepared to clamp down on a sudden inflow of foreign money that has sent the yen rising to record highs this week.

After a period of heavy trading, the yen closed today at 233.80 to the dollar, another postwar high. That means that the dollar has now lost about one-fifth of its value against the yen in the past year. It closed at 235 yesterday.

When the market opened, the Bank of Japan intervened with large dollar purchases, hoping to stabilize the exchange rate at 235, but quickly bowed out when it became apparent that the selling pressures were too strong. In one five-minute period more than \$100 million traded, an amount equal to half-day of trading in normal times.

The buyers reportedly included many foreign banks that fear the dollar will sink even lower, and domestic banks getting rid of dollars held by Japan's own trading companies.

"Nobody wants to be left holding dollars now," said one American banker in Tokyo.

Unlike European governments, Japan's has been timid about blaming the United States for the currency troubles and reluctant to demand publicly that the Carter administration act to defend the dollar.

A change of attitude was evident when the governor of the Bank of Japan, Teichiro Morinaga, said the problem is not that the yen is too high but that the dollar is too low. He said he would press the Carter administration to act quickly to stabilize the dollar.

Other officials, in off-the-record sessions with Japanese reporters, indicated plans are under way to ask the United States to order the Federal Reserve Bank of New York to buy more dollars quickly. They also described plans to encourage Washington to make a \$3-billion "currency swap" with Japan to shore up the dollar in Tokyo and elsewhere.

The government is also preparing new measures at home to prevent the yen from rising higher. It is reportedly ready to place new foreign exchange restrictions on short-term foreign investments in Japan and to tighten reserve requirements on foreign deposits held in Japan by foreigners.

Washington, March 9 (Reuters)—U.S. business plans to increase plant and equipment spending by 10.9 per cent this year following a 12.7-per-cent gain last year, the Commerce Department said today.

It said in a survey of plant and equipment spending that in dollar terms capital expenditures are expected to rise to \$150.63 billion this year from \$135 billion in 1977 and \$120.49 billion in 1976.

The Commerce Department said these projections do not take inflation into account. If respondents to the survey expect capital goods prices to rise at about the same rate as 1977's 5.3 per cent, then the real increase in spending would be about 5.5 per cent.

In 1977, this meant that real plant and equipment spending rose by about 7 per cent. Plans call for a 5.9-per-cent increase in spending during the first quarter, to an annual rate of \$149.2 billion, and a 2-per-cent increase in the second quarter to \$149.2 billion.

The Commerce Department said that in the fourth quarter of 1977 capital spending declined by 1.6 per cent to \$136.1 billion after a 4.6-per-cent increase in the preceding three months.

Second-Half Outlook  
Spending in the second half of this year is projected at \$143.2 billion on an annual basis, 3.8 per cent above the first-half level, and 10 per cent above the level in the second half of 1977.

Manufacturing industry projects an 11.7-per-cent spending increase this year, after 1977's actual gain of 14.8 per cent, while nonmanufacturing industries are projecting a 10.4-per-cent expenditure rise compared with 11.2 per cent.

On the London Stock Exchange, Royal Dutch was up 1/4 at 41 7/8 and Shell Transport & Trading was off 1 at 50 1/2 pence.

Both Shell Oil Co. in the United States and Shell Canada reported increased earnings in dollars for 1977 over 1976, by 4 per cent and 14 per cent, respectively. For Shell Oil Co. most of the growth came from an improved oil products performance. For Shell Canada the improvement was attributed mainly to higher natural gas sales volume and prices.

Excluding the U.S. and Canadian operations, oil products and natural gas sales volumes were little changed from 1976. Royal Dutch/Shell said.

Thyssen AG Group  
DUESSELDORF, March 9 (AP)—Consolidated net profit of the Thyssen AG group fell 47 per cent in the year ended Sept. 30, 1977, to 144.7 million marks from 274.9 million marks the previous year.

U.K. Proposes A Debt Writeoff For Poor States  
GENEVA, March 9 (AP)—Britain today took the lead in the matter of writing off official aid debts of the world's poorest nations, an issue that is being discussed this week at an 117-nation meeting of the United Nations Conference on Trade and Development.

Minister for Overseas Development Judith Hart said her government was "seriously considering the conversion into grants of official aid loans of some or all of 22 of the poorest countries. These debts amount to slightly more than \$1.1 billion, and service payments this year would total \$55 million.

The debts do not relate to funds provided developing countries by non-governmental sources or commercial institutions, and thus exclude items like export credits.

Mrs. Hart said that the proposed writeoffs would not affect normal aid flows to these countries and in that sense would provide additional relief to the poorest.

The procedure and logic being applied by Britain may be of considerable significance because it could indicate the way that other industrial nations may take in answering the demands of the developing countries that the debts of at least the poorest nations be written off.

Canadian Bank Rate  
OTTAWA, March 9 (AP)—The Bank of Canada announced an increase in its bank rate to 8 per cent from 7 1/2 per cent in a new move to bolster the sagging Canadian dollar.

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U.S. Kraftliner Hit by Duties  
BRUSSELS, March 9 (AP)—Combing duties ranging from 25% to 37% a margin ton have been imposed by the European Economic Community Commission on U.S. Kraftliner exported to the community, the Commission announced today.

Kraftliner is a type of corrugated paper used in packaging. The community action followed an investigation initiated by the French federation of paper, cardboard and cellulose industry with the backing of all other EEC paper producers that had alleged that U.S. Kraftliner was sold at a 10-per-cent dumping margin on the EEC market.

## Gives Boost to Inflation Fallout in U.S. From Dollar Decline

By Youssef M. Ibrahim  
NEW YORK, March 9 (NYT)—The American consumer is beginning to pay the price of the falling dollar abroad. Prices of Datsun, Toyota and Volkswagen automobiles, Toshiba and Panasonic color television sets, Sony stereo equipment, West German and Swiss wines and a broad spectrum of other consumer goods imported into the United States are rising steadily.

Moreover, economists and import executives say that the prices of foreign goods sold here will climb even more over the next six months, reflecting currency fluctuations that have already occurred but that have not yet worked their way through the system to the public.

In a direct reaction to the dollar's prolonged weakness against other major currencies, especially the yen and the deutsche mark, numerous imports are caught up in a price spiral that is hurting consumers, confusing traders and sending inflationary ripples throughout the economy.

Because of the record U.S. trade deficit—which means that a record volume of dollars has flowed into foreign hands—the dollar began its steady slide last October. In recent months it has plunged to record lows against the mark and the yen and has fallen sharply against such other major currencies as the British pound, the French franc and the Swiss franc.

Economists estimate that imported goods will increase in price by anywhere from 10 per cent to 20 per cent by the fall and that the rise will in turn inflate prices of domestic goods as well.

"When you add up the indirect effect of all this on wage increases, I would estimate that by the end of the year we will have a net increase of 1 per cent on our yearly rate of inflation," said Robert Ormer, senior vice-president and economist at Bank of New York.

The yearly rate of inflation, which in 1977 hovered around 9 per cent, is now up to around 11 per cent, economists estimate, and rising import costs are partly to blame. "Washington should not take much comfort in that," Mr. Ormer said.

Automobile dealers say the effect of the price increases has been running through their industry like electric shocks. "I have not seen anything like it for years," said a Manhattan dealer for German cars. "We have been getting increases here every six weeks on the average because of the dollar squeeze against the mark."

He said the price of a BMW model 530 has climbed 9 per cent since last November and reached \$14,300 in January. "I expect another increase of 8 per cent very soon," he added.

A Toyota dealer said the Celica brand went up 4 per cent in November, 3.5 per cent in December and 2 per cent in February to a new high of \$6,700. "So far it has not hurt us yet," he said "but if it goes on it will."

Robert Coleman, an economist with the Department of Commerce, said that about 18 per cent of new cars bought by Americans were imported, with 65 per cent of these coming from Japan and about 20 per cent from West Germany. He said that, on the average, their prices had gone up from 5 to 7 per cent over the last six months. Last year, Americans bought 2.1 million foreign cars and paid about \$8 billion for them.

The price increases are not actually halting car imports, but they are expected to limit sales growth severely. Both Toyota Motor Co. Japan's biggest carmaker, and Nissan Motor Co., the second-largest, said they expected "zero growth" in their U.S. sales this year.

Sales for the steel and machinery makers fell to \$4.63 billion in the year ended September from \$5.5 billion marks the previous year. Thyssen will pay a dividend of 5.50 marks a share for the year, down from 7 marks the previous year.

The company attributed the poor 1977 results to the crisis in the steel market. Turnover from machinery production declined to 7.19 billion marks from 7.75 billion marks in the 1976 fiscal year.

Belgian Firm's Profit Gains  
BRUSSELS, March 9 (AP)—Net profit of Société Générale de Belgique rose about 55 per cent in 1977 to 1.19 billion Belgian francs from 764 million francs in 1976, the major Belgian holding company reported.

The company reported a dividend rise to 145 francs a share for 1977 from 135 francs for 1976, with the increase to be voted on at the general assembly on March 21.

Société Générale Banks as Belgium's largest holding unit with diversified interests in steel, non-ferrous metals, energy, engineering, chemicals, as well as banking, the insurance business, shipping and transport.

It is widely expected that Mr. Miller will seek to cooperate more with the Carter administration's economic policies, at least for now, than did Mr. Burns.

Mr. Miller said the Fed remains fairly close to the 4-to-6.5-per-cent growth rate in the basic money supply it set earlier as its target for the rest of 1978.

But he said that since the money supply actually has expanded faster than the growth targets during the past year, averaging about 7.5 per cent during 1977, the Fed anticipates a deceleration of monetary expansion from the growth rates actually recorded in 1977.

NEW YORK, March 9 (NYT)—The stock market finished with mixed results today amid investor concern over rising inflation and developments in the nation's coal mines.

The Dow Jones Industrial average was off 0.087 at 760. It was up 0.52 at 3 p.m.

Some 645 issues gained, with 475 lower, while volume totaled 31.82 million shares compared with 22.03 million yesterday.

Analysts cited as positive the dollar's better showing in world currency markets today and hopes the United States would initiate new steps to aid the dollar. President Carter said at his news conference that U.S. and West German officials would meet this weekend to discuss the question.

Before trading began, the government said that U.S. wholesale prices rose 1.1 per cent in February after a 0.8 per cent rise in January.

The government also said U.S. business plans to increase capital spending by 10.9 per cent this year following a 12.7 per cent gain last year.

Aside from inflation, Mr. Miller expressed optimism about the outlook for the nation's economy in the year ahead. While the coal strike and the severe winter are having temporarily harmful effects on the economy, those effects should be short-lived if the strike ends soon, he said.

"Overall, it is the Federal Reserve's judgment that trends in the national economy favor continued expansion at a moderate rate in economic activity and a further reduction in the rate of unemployment over the course of 1978," he said.

Mr. Miller departed from the stands taken by predecessor, it was his pledge to be more flexible in adopting policies at the Fed in its responsibility in managing the nation's money supply.

Mr. Miller said the agency will "maintain a vigilant and flexible approach, putting the long-range performance of the economy above the pursuit of any fixed monetary growth rates."

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## Miller Begins Fed Job, Cites Inflation Concern

WASHINGTON, March 9 (AP)—The new chairman of the Federal Reserve Board, William Miller, took up today where former chairman Arthur Burns left off, expressing deep concern about the nation's inflation rate.

"One of the great disappointments of the past year has been the lack of progress in reducing the pace of inflation," Mr. Miller told the House Banking Committee a day after he was sworn in as the chief central banker.

Mr. Miller also expressed concern over the decline in the dollar in the foreign exchange market in recent months, noting "it not only contributes to upward pressure on domestic prices, but also threatens to erode business confidence here and abroad."

Mr. Miller, former board Chairman of Textron, warned, however, that "recent trends provide little basis for optimism with regard to an abatement of inflationary pressures."

It may be necessary to increase the maximum interest rates payable on savings deposits of all kinds, including consumer deposits, because interest rates have been rising generally throughout the U.S. economy.

Aside from inflation, Mr. Miller expressed optimism about the outlook for the nation's economy in the year ahead. While the coal strike and the severe winter are having temporarily harmful effects on the economy, those effects should be short-lived if the strike ends soon, he said.

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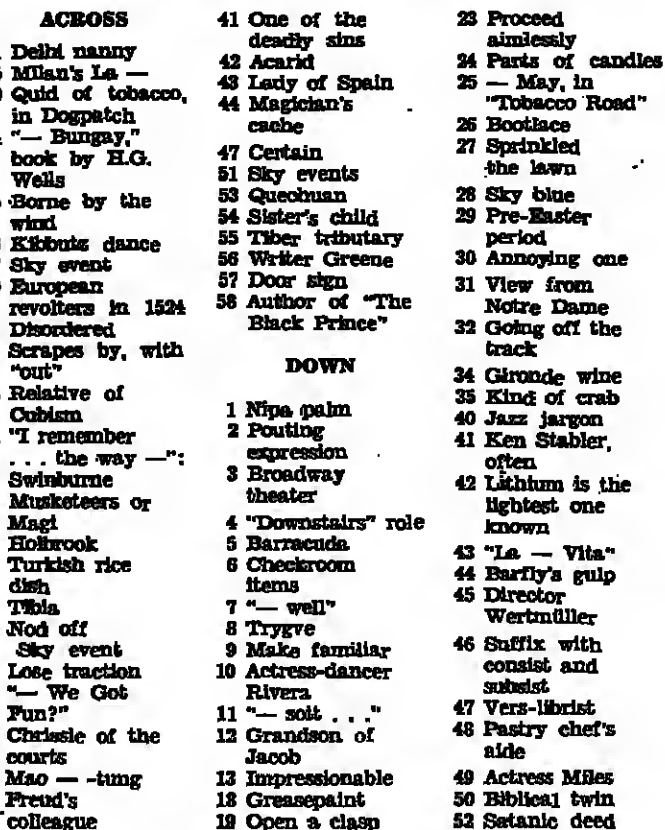




[illegible][illegible]
$$1 \quad 2 \quad 3 \quad 4 \quad 5 \quad 6 \quad 7 \quad 8 \quad 9 \quad 10 \quad 11 \quad 12 \quad 13 \quad 14 \quad 15 \quad 16 \quad 17 \quad 18 \quad 19 \quad 20 \quad 21 \quad 22 \quad 23 \quad 24 \quad 25 \quad 26 \quad 27 \quad 28 \quad 29 \quad 30 \quad 31 \quad 32 \quad 33 \quad 34 \quad 35 \quad 36 \quad 37 \quad 38 \quad 39 \quad 40 \quad 41 \quad 42 \quad 43 \quad 44 \quad 45 \quad 46 \quad 47 \quad 48 \quad 49 \quad 50 \quad 51 \quad 52 \quad 53 \quad 54 \quad 55 \quad 56 \quad 57 \quad 58 \quad 59 \quad 60 \quad 61 \quad 62 \quad 63 \quad 64 \quad 65 \quad 66 \quad 67 \quad 68 \quad 69 \quad 70 \quad 71 \quad 72 \quad 73 \quad 74 \quad 75 \quad 76 \quad 77 \quad 78 \quad 79 \quad 80 \quad 81 \quad 82 \quad 83 \quad 84 \quad 85 \quad 86 \quad 87 \quad 88 \quad 89 \quad 90 \quad 91 \quad 92 \quad 93 \quad 94 \quad 95 \quad 96 \quad 97 \quad 98 \quad 99 \quad 100$$



**By Eugene T. Maleska**



	A	B		A	B		
* GARY.....	15	39	Clear	MADRID.....	16	61	Clear
* HESTER.....	17	38	Clear	MALTA.....	17	39	Clear
* KARA.....	18	61	Clear	MILAN.....	19	60	Clear
* TERRY.....	18	61	Clear	MONTREAL.....	15	23	Clear
* DEBUT.....	24	72	Clear	MOSCOW.....	8	40	Cloudy
* KELLY.....	24	72	Clear	MUCH.....	8	40	Cloudy
* BELLIN.....	25	58	Overcast	* NEW YORK ..	2	26	Clear
* BRUSSELS.....	11	85	Clear	NICE.....	15	29	Clear
* CLEVELAND.....	6	40	Clear	NORWICH.....	15	29	Clear
* BUDAPEST.....	4	26	Rain	* PARIS.....	19	56	Clear
* CASABLANCA.....	37	63	Clear	* FRAGUE.....	19	29	Overcast
* COFFRAGE.....	37	63	Cloudy	* ROME.....	14	28	Clear
* DEL SOL.....	17	65	Clear	* SOFIA.....	8	40	Cloudy
* OUBLIN.....	5	46	Rain	* STOCKHOLM....	1	24	Snow
* DUNDURGH.....	7	40	Overcast	* TEL AVIV.....	21	54	Cloudy
* LONDON.....	12	61	Clear	* TAVEL.....	21	54	Variable
* FRANKFORT.....	16	46	Cloudy	* FUNN.....	12	85	Variable
* GENOVA.....	11	32	Clear	* VIENNA.....	7	45	Rain
* HAGUE.....	12	61	Clear	* WASKAW.....	29	60	Clear
* ISTANBUL.....	19	50	Cloudy	* WASHINGTON....	2	26	Cloudy
* LAS PALMAS ..	19	60	Clear	* ZURICH.....	15	24	Clear
* LISBON.....	11	65	Clear				
* LONDON.....	12	61	Clear				
* LOS ANGELES..	13	53	Cloudy				

Yesterdays' readings: A.S., Canada  
at 1700 GMT. over at 1200 GMT.

[illegible]

## Reviewed by Anna Kisselgoff

Only one thing seemed peculiar about Ito's life, however, although Ito left no school, it is hard to believe that those who studied with him and then went on to play prominent roles in modern dance were unimpressed by this experience. In a very recent conversation, Miss Komer went so far as to credit the path that Ito took to the fact that he met with Ito as for the first time. Lester Horton, who was Alvin Ailey's teacher, it is difficult to imagine that Horton's own group represents in California's open-air theaters did not owe much to Ito's own dance symphonies in the same Rose Bowl and Hollywood Bowl. Ito's influence was well-known. Interest in ethnic dance must have been fueled by Ito's assimilation of the dance of the East into a new dance of the West. Like Ruth St. Denis and Ted Shawn, Ito included performances of ethnic dances that were not meant to be authentic. The half-breed exoticism was the desire to create a new dance. The difference was that Ito was actually from the East. He had been born in Tokyo and although minimally trained in the Japanese theater,

his performance. "He kept his face immobile so that personality was excluded and idea enhanced," Miss Caldwell writes. This style, she continues, derived from Ito's Noh influence. If Miss Caldwell quotes Ernest Fenolosa in this connection, it is with a reason. It was Ezra Pound who asked Ito to translate the Fenolosa verse translations of Noh plays. Ito met Pound in London at the Café Royal. Born in 1882, the young would-be dancer had left Japan at 16 for Europe. When Ito arrived in Paris in 1910, it was to study singing and he became acquainted with Debussy and Rodin. After seeing the Ballets Russes, he decided he had entered the Dalcroze school at Hellerau to study eurythmics. The outbreak of World War I led him to London and the Café Royal, which in turn led him to a party given by Lady Ottoline Morrell, one of the Ballets Russes' best-known patrons. At the party, Ito was singing, and he danced a Dalcroze solo and a Noh dance. The guests were Ysaÿa and George Bernard Shaw. At supper, the then pensive Ito engaged in conversation—in German—with a neighbor, who turned out to be the prime minister of England. Miss Caldwell quotes the passage in Pound's "epic" "Cantos" where he immortalized Ito's "So strange (sic) set of the hand lacking the grace to meter, penny but then said: 'Do you suspect German?' To Asquith in 1914..." When, in 1915, Pound asked Ito to help with the poetic translation of Noh plays collected by Fenolosa, Yohs expressed interest in the project. The final result was "At the Hawk's Well," a short piece of "Noh plays" in which he tried to write a play in Noh form. Ito, who had an influential role in the production, also danced in it.

After he arrived in New York in 1918, Ito co-directed an English language Kabuki play, "Bushido." In December, 1918, he also gave his first dance recital in the United States and in 1919 toured with Adolph Bolm's "Ballets Russes" from Paris to 1921. In 1921, he combined his own dance recitals with work in various theatrical productions. When Martha Graham joined the Greenwich Village Folies in 1923, she danced in his "Garden of Kama." In 1928, they danced together in the "Orchestral Dances" composed by Irene Lewysohn in the Manhattan Opera House.

Ito died in 1967 in Tokyo.

Anna Kisselgoff reviews dance for The New York Times.

**-By Alan Truscott**

South captured the ten with the king and led the club queen, covered with the king and won with dummy's ace. He entered his hand with a heart lead to the king, and faced a complete guess when the club seven brought the six from West.

If dummy had held the six and West had played the five, there would be a clear advantage in pushing up the ten from the dummy. This would gain not only against an original East holding of tripleton nine, but also against doubleton nine, since dummy's eight-six would suffice to drive out the jack and establish the suit.

were evenly divided, and had to guess the location of the jack and the nine.

He guessed right by playing the eight from the dummy, driving out the jack. The next diamond lead was ducked, and the ace won the third round. South could see eight tricks at this point, and led a heart to the jack in the hope of a ninth.

When this succeeded he led his club winners and brought in an overtrick: West had to keep two hearts and the spade ace, and was thrown in with a spade to lead from the queen into dummy's A-6.

The rival declarer misguessed the club position and went down.

NORTH

♠6  
♥A J 9 6  
♦9 8 4  
♣A 10 9 8 3

WEST

♠A 10 9  
♥Q 8 5 2  
♦Q 7 3  
♣K 9 6

EAST

♠Q J 8 5  
♥Q 8 2  
♦A 10 8 2  
♣A 7 6

SOUTH (D)

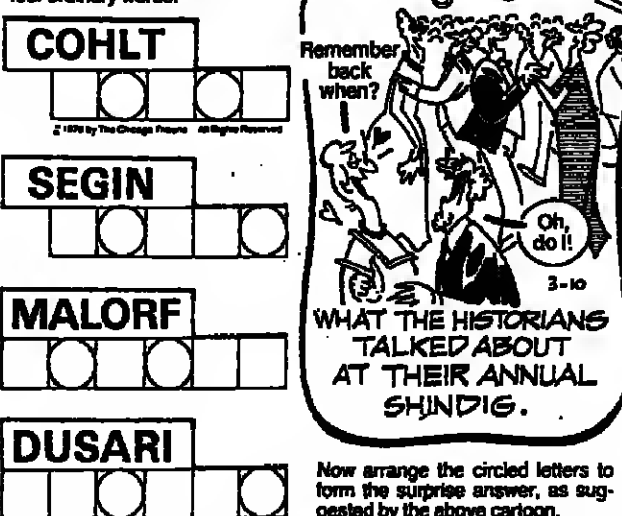
♠K 17 4 3  
♥K 7 5  
♦A K 6  
♣Q 7


Neither side was vulnerable. The bid-  
ding:

	West	North	East
South	Pass	2♣	Pass
1.N.T.	Pass	2♦	Pass
2♣	Pass	3.N.T.	Pass
Pass	Pass		

West led the diamond three.

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.



**Print answer here:**  (Answers tomorrow)

Yesterday's Jumbles: RIGOR HEDGE TWINGE PAGODA  
Answer: What he was awarded when he graduated from dog training school - A "PE-DIGREE"

*"Reprinted as a newspaper at the Post Office"  
"Printed in Great Britain"*

## DENNIS THE MENACE



"THEY PROBABLY MADE HIM EAT HIS CARROTS  
AND HE'S THROWIN' AWAY THE DISH."



# USTA to Reorganize Davis Cup Program

By Neil Amdur

NEW YORK, March 9 (NYT).—A plan for reorganizing the U.S. Davis Cup program will be initiated soon by the United States Tennis Association—regardless of the outcome of next weekend's controversial match with South Africa.

Among the major revisions under consideration are the signing of annual contracts with top players, the selection of a full-time captain and national squad, and holding cup matches in large indoor stadiums such as the Superdome and Astrodome.

"Whatever we're doing in regard to the Davis Cup is not the right way," Stew Hester, the USTA president, said yesterday, alluding to recent failures by U.S. teams in the international competition. "I don't think we've neglected the cup, but we have not been expert in certain areas, especially in our choice of players. We've got to change this and the changes have to be made now."

Although blessed with more top professionals than any other tennis-playing nation, the United States has not won the cup since 1972. Dissent over squad selection, scheduling and finances have been blamed for the reluctance of some players to forgo prize-money tournaments for the cup.

For the North American section final against South Africa in Nashville, the United States team will consist of Vitas Gerulaitis, Harold Solomon, Sandy Mayer, Sherwood Stewart and Fred McNeil. Missing, because of prior commitments, are Jimmy Connors and Brian Gottfried, the top two players last year.

"I don't feel good at all about the match in Nashville, and it has nothing to do with the political situation," Hester said, in refer-

ence to threats of anti-apartheid demonstrations. "I'm scared to death about whether we'll be able to win. People are underestimating South Africa."

Donald Dell, a former cup captain, criticized the USTA as lacking the leadership to make the competition begun by Dwight Davis, an American, in 1900 more attractive to leading U.S. pros. "The USTA is simply not current with the times," said Dell, a Washington lawyer whose firm represents 25 tennis pros, including several prominent Americans. "They could get a sponsor, name a full-time captain and select a squad for the year. All the players I'm associated with—Stan Smith, Roscoe Tanner, Brian Gottfried and Harold Solomon, to name just a few—want to play Davis Cup. But they want to feel a part of the scheduling and financing of the Davis Cup."

**Pledge Forgotten**  
Dell said that Hester assured him last year during the Wimbledon championships that the USTA would sign top players to Davis Cup contracts. Hester acknowledged his pledge to Dell, but admitted: "Very frankly, it got lost in the shuffle when I was tied up with the Flushing Meadows situation. In fact, I thought all the players were signed up."

Tony Trabert, former top ranking star, is in his third year as cup captain. According to Hester, Trabert received about \$2,000 and expenses for each series last year, plus a share in any surplus. However, Trabert is not a full-time player. Some players have criticized him for not having attended two recent tournaments in which McNeil and Stewart, the likely U.S. cup doubles team, were beaten by Bob Hewitt and Frew McMillan of South Africa.



Heavyweight champion Leon Spinks, surrounded by advisers, says that Muhammad Ali is the man he wants to face in his first defense of the boxing championship.

## Spinks and Title Caught in Squeeze

By Dave Anderson

GILMAN HOT SPRINGS, Calif., March 9 (UPI).—On the roadside marquee at the Massacre Canyon Inn, red letters announce, "Welcome Ken Norton the Champ."

Ken Norton is not the world heavyweight champion; he is merely the No. 1 contender. But on dignity, he deserves the championship now. In the confusion, if not corruption, that surrounds Leon Spinks' first defense of the title that he detached from Muhammad Ali three weeks ago, Ken Norton is the only boxer behaving like a champion. Leon Spinks has turned into a pawn for Bob Arum, the devious Top Rank Inc. promoter, and the CBS network. Muhammad Ali has turned into a panhandler for a rematch, the first multimillion-dollar panhandler in captivity, but a panhandler nevertheless.

**All Boats**  
Ali likes to boast that, "I'm bigger than boxing" but he is getting smaller and smaller. The more Ali whines about a rematch and the more Bob Arum snarls about Leon Spinks' alleged rib injury, the more Ken Norton will emerge as the new champion of the people, at least the people who believe that a boxer's signed agreement should be as non-negotiable as the rule that a round lasts three minutes. And the people in the Congress and the Justice Department should consider investigating what is happening in boxing now, notably how Spinks is being squeezed by two corporate box constrictors, Top Rank and CBS.

**WBC Edict**  
The squeeze involves the World Boxing Council edict that he must make his first defense against Ken Norton or be stripped of the title. But the squeeze was created by Top Rank and CBS long before the WBC ruling. According to a memo signed by Arum to Joe Sulaiman, the WBC president, on Feb. 17, two days after Ali was dethroned, the Top Rank promoter acknowledged that Top Rank's contract with the new champion provided that Spinks "is to receive \$1 million as a purse for his first title defense and \$500,000 for training expenses." Top Rank's contract with CBS, the memo stipulates, is that the network will purchase the TV rights to Spinks' first title defense for \$500,000, including about \$200,000 for the challenger.

"The position of CBS," the memo explained, "is that they will hold Top Rank to the rights price. The network lost considerable money in telecasting the Ali-Spinks fight by reason of the very high rights price paid and is seeking to recoup its loss on the next Spinks title defense."

The network's loss, of course, would be recouped at Spinks' expense. In a letter to the WBC president three months ago, Spinks acknowledged that he had been "informed" of the edict and that, "I herewith accept the said edict," even though he presumably was aware of the Top Rank-CBS contract limiting him to \$1 million for a Norton title bout that is worth much more in today's market.

Arum's memo also declared that a "purse in the area of \$200,000 will be offered in good faith to Ken Norton." Since the No. 1 challenger called Arum's bluff and accepted the \$200,000 offer in good faith, Arum has been acting in bad faith, first by choreographing Ali's nationally televised plea for a rematch and then announcing Spinks' mysterious rib cartilage damage.

The memo acknowledged that "we (Top Rank) are in an extremely difficult legal position in that Leon Spinks is bound contractually to Top Rank and Top Rank is bound contractually to CBS"—which means that the new champion is bound to CBS, thereby diminishing his market value.

**Prefire Plans**  
The memo disclosed that Top Rank "arranged" for CBS to televise the Ali-Spinks fight as long ago as last August, two months before Spinks had a 10-round draw with Scott Ledoux, three months before Spinks was awarded a 10-round decision over Alfio Righetti, six months before Spinks won the title.

Judging by the memo, Spinks signed away the right to earn more than \$1 million in his first title defense to the Top Rank

## Champion's Troubles Grow

NEW YORK, March 9 (UPI).—Trouble continues to swirl around confused heavyweight champion Leon Spinks as allegations of fraud and manipulation grow.

World Boxing Council president Jose Sulaiman said in Mexico City that the WBC is considering stripping Spinks of his title on March 17 for backing out of an alleged agreement to make his first title defense in May against Ken Norton. Norton's manager, Bob Arum, has threatened legal action against Spinks and Top Rank Inc. if Spinks' first defense is not against Norton.

"It definitely will be Muhammad Ali, if I fight for the title," Spinks said in Detroit. "All gets the first title shot." Spinks said that Top Rank "will promote my first few fights, but they have no say whatsoever in who I fight. None."

Asked about Norton, who accepted Top Rank's \$200,000 offer last week to meet the champion, Spinks replied: "I ain't decided nothing yet. I'll take care of that later. I got plenty of time for that."

Meanwhile, the rival World Boxing Association announced today that it would sanction a rematch between Spinks and Ali in September in "an African country." The WBA said that if Spinks won, he would be required to grant a title chance to the top contender, probably Norton.

The selection of the south African republic of Bophuthatswana as the site for the proposed Ali-Spinks fight has brought a roar of indignation from anti-apartheid and civil rights groups in the United States. The tiny country was granted independence from South Africa last year but is recognized only by the Johannesburg government.

promoters—who already had the contract with CBS to televise it. All of which poses some questions:

**Who was advising Spinks?**

Was anybody advising him? Was his manager of record, Milt Barnes, who has charged that Spinks is now controlled by the Top Rank promoters, aware of the contract?

**What other contracts exist?**

Top Rank has announced that the CBS contract does not cover an Ali rematch as Spinks' first title defense, but there is no mention of that in the memo. In all this possible confusion, Spinks should be as eager to ask questions as the Congress and the Justice Department.

**Norton Speaks Out**

"Arum is ruining boxing," Norton said yesterday after roadwork in the San Jacinto Mountains where he is in light training. "And he's ruining Leon Spinks along with it."

"I don't want the title given to me, I want to earn it. I think Spinks will give me the shot and when he does, I'll beat him. And the first person I'd give a title shot to then would be Ali for two reasons—money and I want to kick his butt."

Boxing should be bigger and better than ever now, with Spinks as the surprise champion, with Norton and Ali in the wings, with Joe Frazier and George Foreman announcing comebacks. But boxing is destroying itself with big money and TV networks acting as unlicensed promoters.

## E. Germany Joins European Track Team Against U.S.

MILAN, March 9 (AP).—East Germany, in a rare move, has decided to allow its athletes on the lineup of a European selection that will face the United States in indoor track and field competition here next week, an official said today.

"It is an unexpected but highly pleasing decision," an official of the Italian track and field federation said.

Organizers said that four to six East German athletes would be selected for the meet with the U.S. team at the Milan Sports Palace.

East Germans had delayed a decision chiefly because they regard their country as an equal footing with the United States in sports and therefore had refused to join in sports coalitions with other European nations.

## McAdoo Towers Over Woes

By Peter Mass

NEW YORK, March 9 (NYT).—When Bob McAdoo was in the seventh grade, and already elevating rapidly toward six feet in height, he was on the school basketball team and also played the alto sax in the school band. His coach told him that he had to decide between the team and the band, and McAdoo chose the band. He has not since made a judgment error of similar magnitude.

The following year, integration began in the educational system of his hometown, Greensboro, N.C., and at the school to which he was transferred he encountered a new and more persuasive coach. The rest, as they say, is history.

Although Greensboro was in the forefront of the militant civil-rights movement in the South, McAdoo was not especially desirous of the change in schools. He had grown up on the black side of town and had experienced practically no contact with white children.

The first morning, he walked alone some distance to the new school his head down, tears in his eyes. "I'll never forget it," he said. He had expected to be the only black in attendance, and to his astonishment and relief he discovered about 300 waiting for classes to start. And the change was not really all that much, he added with a slight smile. White parents began pulling their offspring out of the school, and by the third day there were only two white students left.

**Learning to Cope**

Both his color and his height, of course, accompany McAdoo wherever he goes, and he has learned to cope with the same coolness that characterizes his conduct on the court.

One night after playing here against the Detroit Pistons, McAdoo made a rare appearance

## NBA Results

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## A Special Report

INTERNATIONAL  
**Herald Tribune**

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# FOCUS ON THE PHILIPPINES

## Marcos: The Nation's One Source of Political Power

### Martial Law Will End 'When People Want It To'

By Bernard Wideman

MANILA (UPI)—The Philippines is an archipelagic nation of 7,100 islands and 43 million people ruled by one man. The people are racially mixed—Malay, Negrito, Mongolian, Caucasian—due to the different migration waves that peopled the islands. Religiously, the population is approximately 85 per cent Roman Catholic, 5 per cent Protestant, 5 per cent Muslim, and 5 per cent animistic. In practice, most Filipinos practice their Western religious beliefs with an admixture of animism, leading religious scholars to use the term "folk Catholicism" for the dominant belief.

The man who rules this country is Ferdinand E. Marcos, 60, son of a schoolteacher-turned-politician. He comes from the northern part of the main island of Luzon, the Ilocos region. Ilocanos, as persons from this region are called, are said to be especially hardy, industrious, and frugal, as they have to be to scratch a subsistence from the narrow, fertile plains of the north. Mr. Marcos is no exception. A World War II guerrilla leader, he served as a congressman and senator before becoming president in 1965. He was the only President to ever win a second term (in 1969), and instead of stepping down in 1973, as he was constitutionally compelled to do, he now rules by decree under a martial law administration.

Mr. Marcos announced the imposition of martial law on Sept. 23, 1972. A few hours before doing so, he arrested the man who was believed most likely to succeed to the presidency, Sen. Benigno S. Aquino Jr. of the opposition party. (Sen. Aquino is still in a military stockade.) He also had his security forces arrest two other senators, nine delegates to the Constitutional Convention which was then sitting, and some 150 members of the media. In the first few months of martial law, 37,000 persons, mostly young political activists, were detained in military stockades, according to the government. Most were released within two years.

The imposition of martial law five-and-a-half years ago was not entirely unexpected. It had been rumored ever since Mr. Marcos had assumed the writ of habes corpus in December 1971. Charge had been in the air since the late 1960s. Students were marching in the streets, Communist guerrillas were again



Ferdinand E. Marcos

becoming active in the countryside. The Constitutional Convention was seeking a formula whereby the oligarchic political system then prevailing could be changed to a more representative one. People were optimistic or pessimistic, depending on their stations in life.

The true story is told about the pro-Marcos writer who begged a pro-Communist friend: "When the revolution comes, don't let them kill me."

Another true story concerns the society matron who rented one of her houses to a religious order for a trifling sum on the condition that: "When the revolution comes, let me hide here."

#### Martial Law

The imposition of martial law preempted any revolution. It also stifled the moderate reforms then being discussed in the Constitutional Convention. When the convention was allowed to resume its work, it was dominated by pro-Marcos men and produced a document (known as the 1973 constitution) which authorized Mr. Marcos to rule by decree for as long as he desired. The new constitution was not properly ratified, according to the Supreme Court, but it is in effect nevertheless, along with the old 1935 constitution by which Mr. Marcos justified the imposition of martial law.

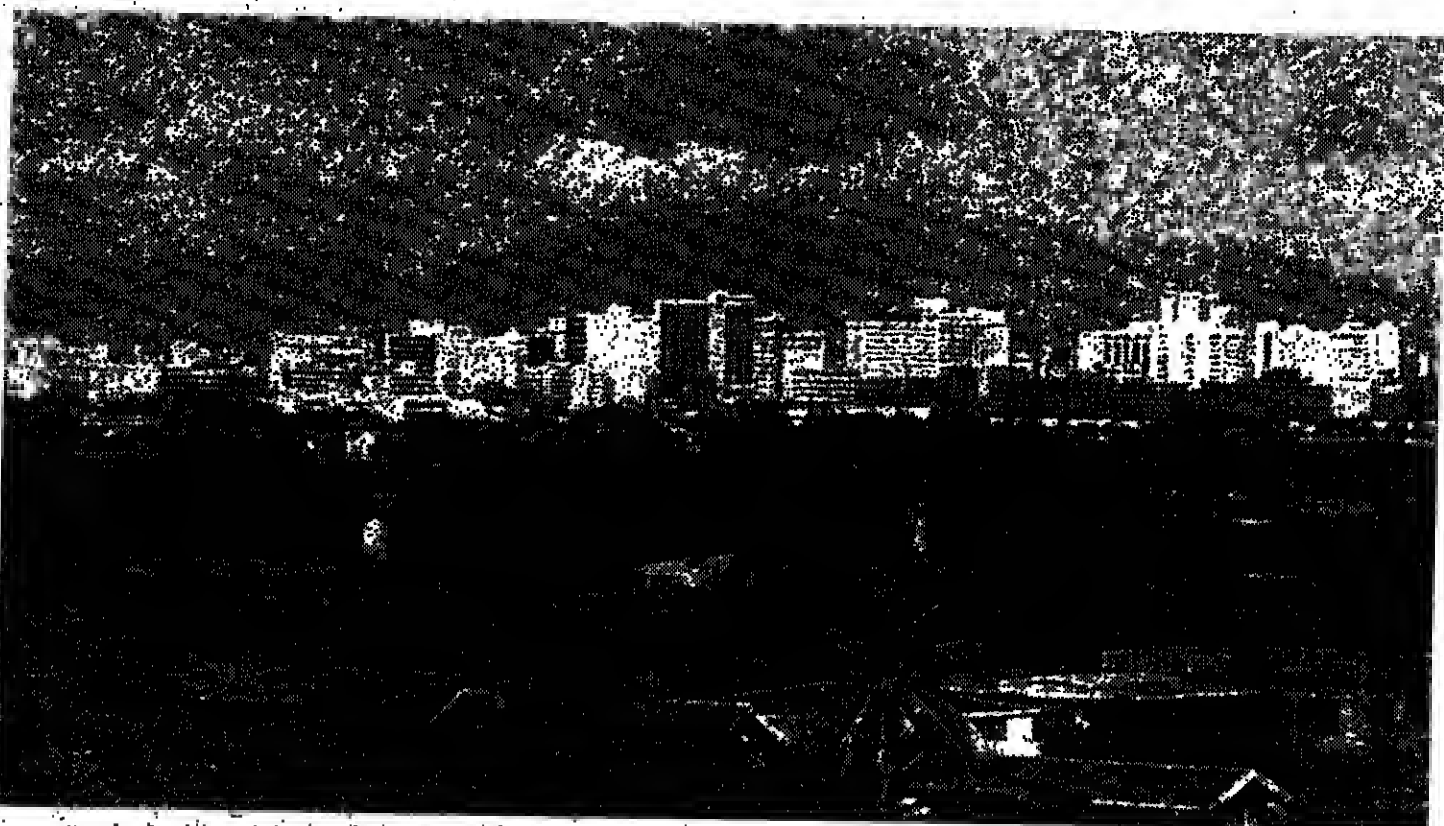
In his Sept. 23, 1972, address to the nation, Mr. Marcos stated that he was imposing martial law in order "to protect the Republic of the Philippines and our democracy." He said that the state was "endangered by violent overthrow," which is a justification under the old constitution for martial law.

Following the imposition of martial law, a serious Muslim rebellion broke out in the major southern island of Mindanao. To this day the rebellious forces remain a serious drain on the government's resources, although not a direct threat to the state.

Mr. Marcos is regularly asked by foreigners when martial law will end. He just as regularly replies: "When the people want it to end." He varies this answer with: "When we have settled the war in the south," or: "When we have removed the socioeconomic causes that lead to rebellion."

The average Filipino does not expect Mr. Marcos to step down even if the term martial law is dropped. There are two prevalent schools of thought among Filipinos. One is that Mr. Marcos will be succeeded by his wife or son. The other is that some elements of the military will stage a coup d'état.

Mrs. Marcos occasionally mentions to interviewers the possibility of a violent death. She usually (Continued on Page 2.)



Burgeoning Manila against its mountain background.

## One-Man Rule With No Legal Opposition

MANILA (UPI)—President Ferdinand E. Marcos, under martial law, has annually asked the electorate whether or not they want him to remain as ruler. The results, as tabulated by Mr. Marcos's appointees, always show that 90 per cent of voters want him to remain. What remains untabulated and unknown is what percentage would vote for him in a free election against a real opponent.

The imposition of martial law five-and-a-half years ago, while putting all power in the hands of one man, did not do away with opposition to his rule. But it did do away with organized legal opposition.

Prior to martial law there had been two major parties, the Liberal and the Nacionalista. Neither had an ideological basis, and members switched easily from one to the other depending upon opportunities. Mr. Marcos himself switched from Liberal to Nacionalista in order to not be stymied in his first presidential bid by the then Liberal incumbent

who was planning to seek reelection.

Office-holding was normally associated with reaping of political spoils, and election campaigns were heated and often marred by violence and vote-buying, since the spoils were large. In the absence of ideology, the electorate did not identify with parties, but rather with individual candidates whom they would support in return for expected favors.

Under martial law the opposition politicians became merely a few personalities without any organized mass base, and therefore most of them joined the Marcos camp. Nevertheless, a few of the opposition personalities have kept up a drumfire of criticism against the regime. Chief among these are former senators Jose Diokno and Jovito Salonga.

Mr. Diokno was one of those arrested at the outset of martial law and held in isolation for two years before being released. Through the Civil Liberties Union of the Philippines, he and his friends have published illegal

tracts criticizing the regime's economic and foreign policies. Together with other lawyers, he organized the Free Legal Assistance Group, which defends political prisoners and exposes the regime's alleged abuses of human rights. Although threatened with re-arrest for "subversive activities," he continues his work.

Mr. Salonga, pulling together remnants of the Liberal party plus liberal Protestant clergymen, is a popular speaker on college campuses and at civic club meetings, where free speech is usually permitted even under martial law. In his lectures and in illegal pamphlets that he and his friends circulate, he has been analyzing what he sees as the ongoing stifling of free political processes. Using his constitution forces, he organized last year a proto-political party called the Alliance for Human Rights. The alliance announced an eight-point platform based on social-democratic principles.

Mr. Salonga says, however,

that his group will not take part in any of the elections called by President Marcos until martial law is abolished, political prisoners are released, and a free press instituted. Mr. Diokno's group also refuses to take part in elections under martial law.

#### Press Freedom

The matter of press freedom is often raised by the opposition, since without it their criticisms are heard only by those within shouting distance. While there is no press censorship as such in the Philippines, all media outlets are in the hands of people close to the palace. All of the media outlets were closed down upon the declaration of martial law, and subsequently, only those owned or bought up by the right people were allowed to operate. The 150 journalists arrested at the onset of martial law mostly chose to go into public relations work upon their release from military stockades, so that the (Continued on Page 2.)

## East, West Industrial Giants Are Leaders in Investment

### The U.S.—Still the Biggest

By Leo P. Gonzaga

MANILA (UPI)—Despite their reservations about doing business in the Philippines since the lapse of special relations in 1974, Americans are still the biggest foreign investors here. And although they seem to complain about some of the ground rules more often and louder than the others, U.S. businessmen agree that the overall regulatory climate for foreign investment is better than ever before.

New direct foreign investment amounted to roughly \$771 million, excluding \$102 million invested in securities traded on the stock market, according to a central bank survey covering the period between February 1970 and September last year. (The central bank started closely monitoring all foreign exchange inflows and outflows for external debt management purposes in February 1970). Of the total, \$352 million, almost one-half, came from the United States, with \$175 million coming from Japan, \$52 million from Canada, \$38 million from Hong Kong, \$37 million from the United Kingdom, \$27 million from Switzerland and the balance from other countries.

#### The Bulk

There is no clear breakdown of the yearly figures, but it is believed that the bulk of the American investment came in after

July 3, 1974. That is an important date for such investment, for it marks the expiration of the Laurel-Langley Agreement (LLA). This agreement governed trade and investment relations between the two countries, as well as the Farley Ordinance, appended to the Philippine Constitution under which Americans were treated as Filipinos insofar as economic rights were concerned. Under the expired agreement they could, for example, own lands, or engage in Filipinized businesses like retail trading, or go into activities, like mining, reserved only for Filipinos or for entities owned 60 per cent or more by Philippine nationals.

The LLA has not yet been replaced. And from the point of view of U.S. businessmen here, some of the issues related to parity have not yet been resolved. Just the same, the United States remains the biggest trading partner of the Philippines. Equity keeps coming in from that source of venture capital at a faster rate than ever before and in board of investment designated ventures, too.

An earlier survey conducted by the Board of Investments (BOI) shows that existing foreign investment at the end of 1970 amounted to only about P3.777 billion or approximately \$650 million (at the then prevailing

(Continued on Page 6.)

### Japanese—Marked Increase

By Mamoru Tsuda

MANILA (UPI)—Japanese business operations in the Philippines increased markedly in the 1970s. Equity investments by the Japanese grew some 438 times from the 1970 level of \$400,000 to the September, 1977, level of \$175 million.

Almost 90 per cent of this cumulative total has been committed since 1974, according to the Central Bank of the Philippines. The Japanese, though far behind the Americans, are the second biggest foreign investor in the country, accounting for 23 per cent of total foreign capital.

With other forms of private investments included, such as loans and real estate acquisitions, total Japanese capital exposure in the Philippines was reported as \$354 million in March, 1977, by the Japanese Finance Ministry. Only Indonesia and Malaysia, among the Association of Southeast Asian Nations (Asean) have more Japanese capital.

Although there has been an "avalanche" of Japanese overseas investments observed worldwide in the last several years, the move into the Philippines was facilitated by the martial law regime, which emphasized attracting foreign investments to the country. Notable is the fact that the Japan-Philippines trade treaty, which had been rejected by the now-defunct Congress,

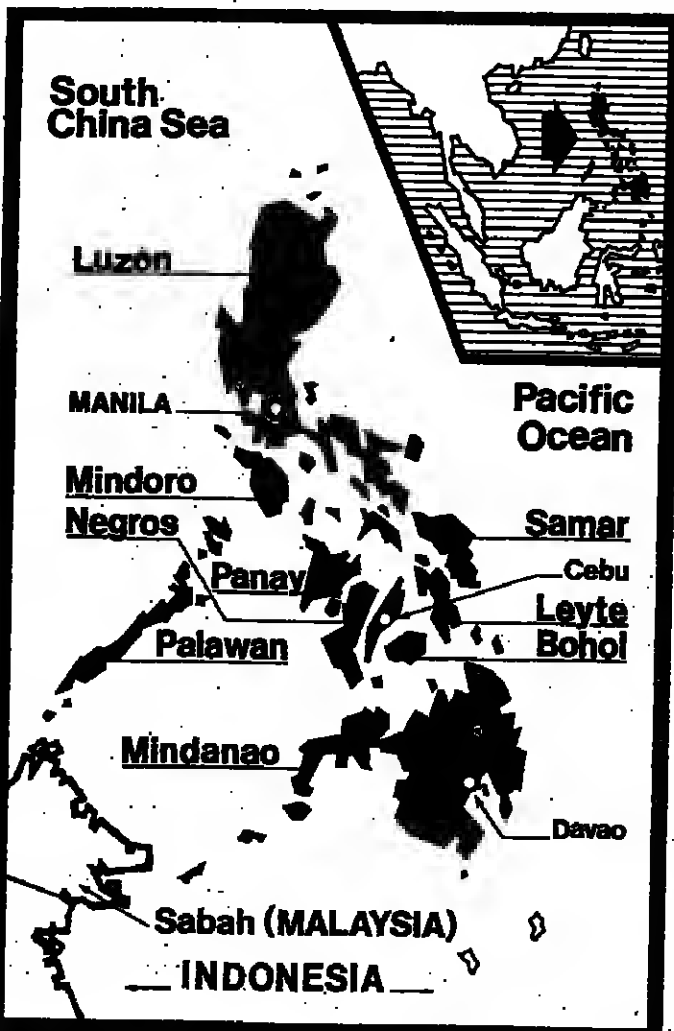
was ratified by President Ferdinand E. Marcos in December 1973.

In contrast to the warming atmosphere in the Philippines, there was a worsening investment climate in other Southeast Asian countries. This reached its peak in early 1974 during former Prime Minister Kakuei Tanaka's visit to Thailand and Indonesia when students in Bangkok and Jakarta staged bloody protests against Japanese overseas economic activities.

The Japanese advance during the seventies into the Philippines was actually the climax of a relatively long period of trade and government relations. First of all, Japan's war reparations, totaling \$500 million from 1956 to 1976, were made not in cash but in goods and services, most of which had "tied-up" clauses that specified Japanese suppliers and Japanese trading houses.

#### Yen Credits

Since 1969 there has been a steady flow of Japanese government yen credits to the Philippines government (amounting to \$450 million as of January 1978), obviously calculated to create a suitable environment for Japanese business operations in the country. More important, Japan's trade with the country gradually in- (Continued on Page 6.)



## Rich in Resources In a Largely Rural Setting Land Reform Bugged Down

MANILA (UPI)—The Philippines is a country rich in natural resources—fertile land, dense forests, abundant fisheries and productive mines. Its chief exports, mainly coconut products, sugar, and copper, reflect this wealth. The largest chunk of its GNP comes from agriculture. Three-fourths of the population live and work in the rural areas. Of the 15-million work force, only about one million is unionized, representing only those who work in mining, forestry and services such as transportation.

It is a country of medium and large-scale landowners and small tenant farmers. There are some 1 million of the latter, working all parcels of land to cultivate a corn, coconut and sugar. They live in bamboo houses in all rural villages, while their landlords live in the provincial cities and collect one-third to one-half of their produce in rent. The large-scale landlords with sugar, coconut and rice farms in the cities and have over 100 wage laborers. On the sugar plantations alone, there are over 100 wage laborers.

Through martial law decrees, Ferdinand E. Marcos instituted a land-reform program that would supposedly sell the rights of the land to the tenant. But only some 45,000 tenant-farmers have begun purchasing land they cultivate, according to the government. The program generally bogged down in the bitter fighting between landlords and tenants on the proper amortization to be paid by the tenant in annual payments.

The program has also had the effect of inducing landlords to out of the traditional cultivation of their tenants and to run the farms themselves with overseas and wage labor. Statistics on this phenomenon are not available, but a mayor in one rich rice area south of Manila said that in his municipality not a single landlord has left his tenants, most converted to the system of agricultural laborers. Consequently, the government is buying corporations to operate mechanized rice plantations both displace peasants and take over the land.

**Divorce**  
The divorce of the landowners actual contact with the apparently began during Spanish colonial era when Spaniards organized towns and appointed collaborators to run the farms for them. Tax collectors became non-owners of the lands and lived in the towns.

When life rather than hereditary life has become the norm of the average Filipino farmer, an Igorot mountain man, relatively untouched by the dominant lowland culture, said: "The Philippines (lowland) can't be farming. They want to be white-collar. We in the mountains like farming and want to stay here."

The bifurcation between the towns (the town centers of municipalities/counties) and the rural areas becomes most in the areas where the tenant farmers are busy with the peasants. After one or two years of organizing, the Communist-influenced tenants usually stop paying rent to their landlords and the landlords find trips to their farms to collect rent become hazardous. It is at this point that the Communist village organization and root out the cadres of the landlords are not out of the general effort of their children to school, including college. Aside from their farms, they own the towns as civil servants or tradesmen.

Children of the peasantry usually do not go beyond grade And, whereas the middle class in the towns has a health care, the peasants

#### This Section

This special report was prepared and written by Bernard Wideman with Leo P. Gonzaga, Milla Lahoz, Donna Reginsky, Bernice Ronquillo, Mamoru Tsuda and Alice C. Villadolid.

The peso has a value of 7.40 to the dollar.









# Land Reform Is Bugged Down In a Largely Rural Setting

(Continued from Page 1)

the incidence of TB here is the highest in the world. The high rate of pneumonia is generally viewed as an indicator of the prevalence of malnutrition. The government estimates that 60 per cent to 70 per cent of all Filipino youngsters are malnourished. Mrs. Marcos has set up a nutrition center, which serves to teach mothers how to prepare more nutritious meals. According to data held by the Department of Agriculture, malnutrition seems to be caused by inability to purchase the more nutritious foods. According to data, food intake, especially protein foods such as fish, eggs, meat, has declined. The government also contends that in the past the labor movement was disruptive to production, and that labor rights must thus be curtailed in order to boost production so that all may earn more at some future date—the year 2000 is often mentioned.

## Rights and Rice

Former Foreign Secretary Salvador P. Lopez, recently attacked these contentions. "It is argued that it may be necessary to sacrifice individual rights to advance the common good. . . . What usually happens [however] is that even though Juan has been deprived of his [rights], Pedro is still without his full bowl of rice. . . . The chances are that if a man opts for food without freedom, he will end up without food as well as without freedom."

Still, many people have done amazingly well during the five years of martial law. These are mainly the big business elite and the people who work for them. New car sales are about 35,000 annually, mostly of small family cars for the young technocrats and middle managers working for government and the business elite. Small houses in new subdivisions are filling up with these same families. In Manila, new cafes, boutiques, and shopping centers do a brisk business among the elite and the rising technocratic class. Resorts, tennis clubs, health and reducing salons are a growing aspect of life under the government's New Society.

Probably the most notable feature of this New Society is the new Manila. From an agglomeration of workaday business neighborhoods a decade ago, Manila has become a beautiful skyline of new hotels and plush office buildings alongside an evermore polluted bay. It is a city designed to attract foreign investors and foreign tourists—and it has done well in this regard.



A terrace of rice paddies deep in the country.

But it is the provinces, with their forests, mines, plantations and fish, which produce most of the country's wealth.

The imbalance in infrastructure has caused Manila's population to grow at 5 per cent annually, fuelled by rural folk attracted by the wealth and government-supplied services. (In comparison, the national population growth rate is given as 2.6 per cent.)

## Two Major Goals

In the past few years, rice farmers have notched gains in real incomes, thanks to increased production spurred by the government's successful program of providing easy credit to rice farmers for fertilizers and pesticides. However, purchases by farmers of durable goods such as clothes and radios send the money right back to Manila be-

cause that is where most of the country's goods are produced.

One of the regime's leading thinkers, Onofre D. Corpus, president of the state-run University of the Philippines, once said that the two major goals of the New Society were the lessening of inequalities in personal income and in regional wealth. He noted that the first goal was still too difficult to tackle, and the second, although being attempted, was seemingly not getting any nearer.

Some of the attempts are worth taking note of, however. Chief among these is the attempt to set up regional planning. The long-range goal is to disperse industry (and the infrastructure that supports it) among the country's 13 regions. Prior to martial law, there was little planning of any type, and if a town or a province was

given a new road or an electrification system by the national government, it was because a particular local official or congressman from that area had political clout. Under martial law, road building, electrification, and irrigation programs are planned by regional and national planning staffs. (The 13 regions cover the country's 75 provinces.)

Regional planning staffs now assess the infrastructure needs of their respective regions, and submit detailed programs to the national government for further study and final inclusion, if approved, into the national budget. Observers feel that this sort of coordinated planning would never have been possible in so short a time had it not been for martial law. However, they also feel that as Mrs. Marcos is the voice of Metro Manila, the lesser voices of the outlying regions will con-

tinue to find it difficult to be heard.

Mrs. Marcos's argument that a beautiful Manila is necessary in order to attract foreigners is probably sensible, given the economic problems of the country.

The main problem, in simple terms, is how to harness capital for investment in productive enterprises that will provide employment for the 500,000 new workers joining the work force annually. Filipino entrepreneurs have been generally reluctant to invest their capital in areas where the risk is great or profits likely to be small. Filipino corporations are normally family-held operations, and this tends to make the management conservative. Profit margins in Philippine business are said to average 35 per cent.

Chinese-Filipino corporations, on the other hand, are said to have lower profit margins and rely on volume sales. The Chinese concentrate on textiles and food processing as well as all types of commercial activities.

This kind of profit expectation means that a local entrepreneur will not start up an import substitution enterprise unless he receives considerable assistance from the government to keep out competitive foreign merchandise. Nor will he get into an export industry unless he receives concessional government financing. Thus, domestic capital plays its role by investing in real estate, raw material exports, luxury goods imports, and domestic marketing and services.

## Foreign Capital

Faced with this hesitancy on the part of domestic entrepreneurs, and finding it politically inexpedient to socialize capital for direct government investment, the Marcos administration has turned to foreign enterprise for both investments and loans.

The Philippines has become a fertile area for foreign capital, and the Filipino elite are those who have important tie-ups with foreign firms. Although foreigners, faced with pre-martial law policies reflecting economic nationalism, had been disinvesting, they came back with a rush following Mr. Marcos's one-man takeover. Foreign investment jumped from a pre-martial law (1972) level of \$43 million to \$73 million in 1973 and a high of \$198 million in 1974. Overall, foreign investment has exceeded domestic investment under martial law.

This has helped to form a new elite notable for its close links with the First Family, as well as its ties to foreign capital. Chief among this elite are Roberto Benedicto and Hermilino Disini. Mr. Benedicto was a fraternity brother of the President, and under martial law is the president's man in the nation's lucrative sugar industry and sugar trade. He has also become a media and hotel czar, as well as controlling firms dealing in banking, shipping, sugar mills and a gambling casino. His chief foreign tie is with Marubeni Corp. of Japan.

Mr. Disini is a cousin of Mrs. Marcos by marriage. According to Westinghouse Corp. of the United States, he was instrumental in helping them secure the prime contract for the \$1.1-billion nuclear power plant now being constructed outside Manila. His fee was reportedly "a few million" dollars. He controls a conglomerate of firms involved in cigarette filters, banking, textiles, computers, airline charters, heavy machinery sales, and construction. He has ties not only with Westinghouse, but with Japanese and Swiss firms as well. Nevertheless, both Mr. Disini and Mr. Benedicto recently lost their foreign banking partners.

The Marcoses themselves have grown wealthy during their years in the presidential palace, though it has never been revealed how this has come about. A U.S. magazine (Cosmopolitan) judged Mrs. Marcos one of the ten richest women in the world. As for Mr. Marcos, his family's foundation last year donated \$1.5 million to an American university (Tufts) in exchange for the endowment of a professorial chair in his name.

Neither the President nor his wife were considered wealthy when they entered the palace in 1965, and in fact had to rely on funds from the oligarchs to carry on their first and second presidential campaigns. One Filipino politician explains the rationale for their buildup of wealth: "Wealth is necessary in order to exercise political power." —B.W.



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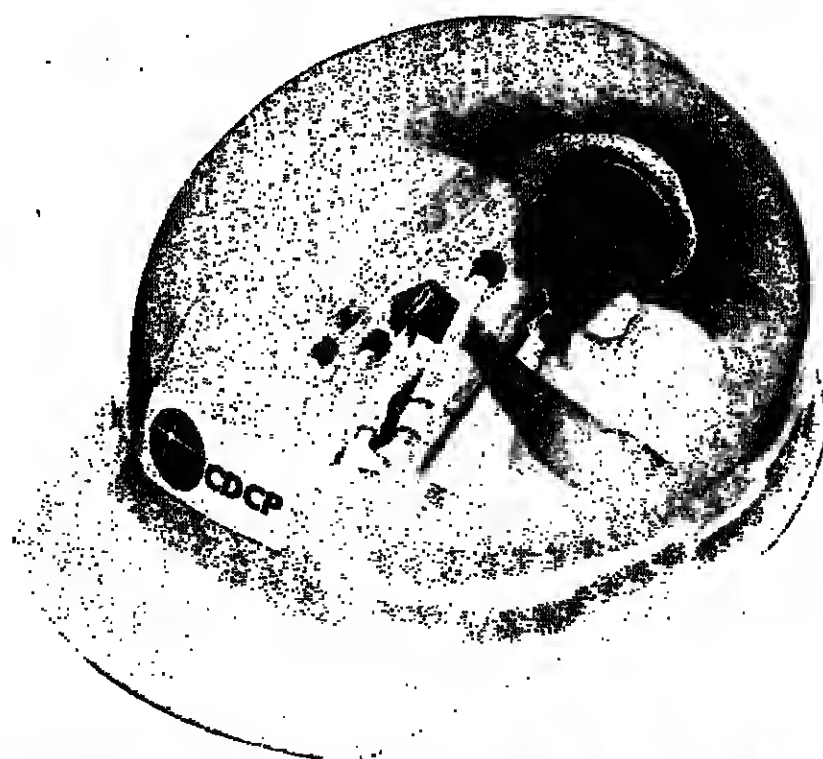
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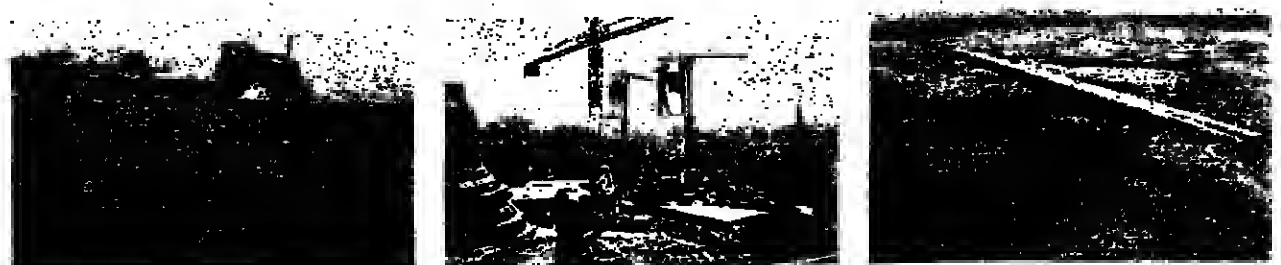


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# Transport Is Needed for Dispersing Industry and Population

By Bernie Ronquillo

**MANILA (UPI)**—The dispersing daily traffic jams in this city would seem to show that Filipinos have suddenly become a nation of car owners.

Actually, the Philippines has only about half a million motor vehicles, or one for every 90 persons, according to records of the Land Transportation Office. But most of these vehicles, especially the autos, are concentrated in the Manila area where more of the affluent Filipinos live. With the expansion of Metro Manila to include four cities and 13 municipalities, close to 30 percent of the 45 million Filipinos will by now be residing in the capital city.

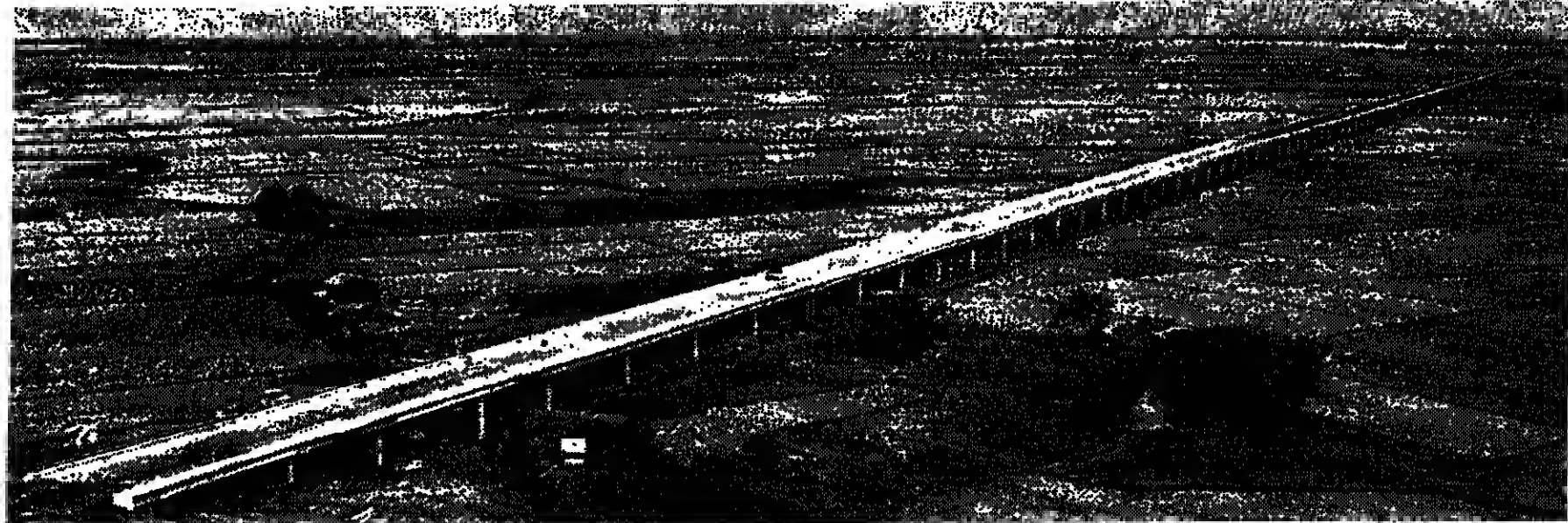
Efforts are now being exerted to disperse industrial growth and population. Government policy on infrastructure development seeks to continue giving stress to the construction of roads and bridges in the provinces in order to open new areas for agricultural production and the setting up of new industries all over the country.

President Ferdinand E. Marcos' top policymakers have called attention to the fact that in the first ten years of his administration (1965-1975) the Marcos government has constructed more roads, bridges and other infrastructure than have all past administrations from the Spanish and American regimes to the previous administrations under an independent Philippine Republic.

Based on existing plans, which cover a 25-year period to the year 2000, the Philippines is just beginning to hit its stride in highway construction. The Five Year Plan (1978-1982) alone envisages the construction of 21,828 kilometers of roads and 3,763 lineal meters of bridges at an estimated cost of \$1.4 billion. This plan calls for the completion in 1978 alone of 6,000 kilometers of roads at a cost of \$258 million.

## Rural Roads

The Secretary of Public Highways, Baltazar Aquino, has predicted that by the year 2000 the country will have built about three times as much mileage of roads as it has now. This will bring the ratio of roads per square



A Portion of the North Luzon Expressway

kilometer of land area from 0.39 today to 1.3 in another 22 years. Emphasis, according to the highways secretary, is being given to rural road networks and to maintenance of heavily traveled roads to keep such facilities in good operating condition and minimize the need for large capital outlays for new construction. Last year the department boasted a 99 per cent rating in the completion of road projects costing \$204 million. Among the most notable was the completion of the \$64-million Manila North Expressway extension from Bulacan to Angeles City (Pampanga Province) on Luzon island, the Cagayan Valley road and the Urdaneta-Dagupan-Damort highway, also on Luzon.

Being potentially the richest island in the country, Mindanao is getting increasing attention in the national road-building program. Improved roads in Mindanao include the 300-kilometer Iligan-Cagayan de Oro-Butuan road, the 123-kilometer Bukid-non-Davao road and the 26-kilometer Polloc Port access road. Almost completed is the Surigao-Agusan-Davao road portion of the Pan Philippine highway, otherwise known as the Philippine-Japan Friendship highway, a 2,000-kilometer road network that will link the country's three main island regions—Luzon, the Visayas (in the central portion of the archipelago)

and Mindanao—starting from Aparri in northern Luzon to Davao City in southern Mindanao. This cross-country highway is itself about 97 per cent complete, according to Secretary Aquino.

When the Pan Philippine highway is completed, a motorist will be able to travel from the northernmost point on Luzon to the southernmost point on Mindanao island. After driving to the southern tip of Luzon island, he will be ferried to Samar island, which is separated from Luzon by the San Bernardino Strait. Then he drives to Leyte island by crossing the new one-kilometer Marcos Bridge. From southern Leyte he again takes a ferry that will take him to Surigao on Mindanao island from which point he can continue driving south.

Included in the five-year road-building program are the construction of ferry boats and terminals for the Pan Philippine highway, construction of 1,605 kilometers of major and feeder roads under the third and fourth World Bank lending programs, construction of 1,000 kilometers of access roads under the Philippine-Japan highway loan project, and many more road, bridge and airport runways all over the country.

An archipelago of over 7,000 islands and islets, the Philippines'

next biggest need after roads and bridges is an adequate maritime fleet that will bridge the various island groups and move goods quickly and at reasonably low cost. The current lack of shipping facilities and the consequent high cost of moving cargo from one point of the archipelago to another deter a faster pace of economic activity and contribute to making many Philippine products less competitive in the world market.

Although tonnage of ocean-going vessels grew from 710,000 deadweight tons in 1976 to 1.19 million dwt in 1977, this is hardly making a dent on the critical problem of replacing obsolescent vessels and expanding the overseas as well as inter-island shipping facilities so as to promote the country's domestic and foreign trade. Philippine flag carriers account for only about 10 per cent of the country's foreign commerce. Because of the dearth of bottoms, Philippine shippers continue to complain of the high cost of transport in both the inter-island and overseas trade. It is also claimed in local shipping circles that more than half of the inter-island vessels are more than 20 years old and need replacement.

To remedy this problem, the government has embarked on a program to improve harbor and

port facilities and augment and modernize the country's maritime fleet. A new international port is being developed in the Manila North Harbor, which heretofore has been used exclusively by inter-island vessels. The Philippine Ports Authority, created to take over the operation of some 816 ports in the country from the Bureau of Customs, is now managing and supervising activities in 616 public and 200 private ports, piers, wharves and berthing facilities located mostly along the trading and industrial coastal areas.

## Joint Venture

The Maritime Industry Authority, for its part, has launched a 10-year development program costing \$138.5 million that calls for, among other things, the acquisition or construction of over 40,000 gross tons of inter-island passenger and cargo vessels; 216,000 gross tons of barges, lighters and tugboats; and 230,000 gross tons of ocean-going ships. A private corporation, Bataan Shipyard and Engineering Co.

(Baseco), which took over the government-owned National Shipyard and Steel Corp., is going into a joint venture with two state corporations—Luzon Steelworking Corp. and National Development Co.—to establish a major shipbuilding facility at the Bataan Export Processing Zone capable of building vessels of up to 20,000 deadweight tons. The company will be producing vessels no lighter than 3,000 dwt and is scheduled as its first project the construction of a 6,000-dwt cargo carrier.

For a developing country, the Philippines may be said to have been quite far ahead of similarly situated countries in the development of air transportation. In prewar days when the Philippines was still a colony of the United States, there were at least two air transport companies operating, one flying single-engine planes between the neighboring islands of Iloilo and Negros and the other flying between Manila and Baguio City on Luzon island. The latter was later to become the Philippine Air Lines (PAL), the national flag carrier that now

operates international flights to Europe, the United States, and within Asia.

Up to the early seventies, two other airlines were competing with PAL for the domestic airline traffic—Philippine Orient Airways and Air Manila, both of which had plans of going international. All airlines were losing in their domestic operations, with PAL generally making enough money in its inter-island and servicing operations to offset its losses on the inter-island routes. As part of its policy to rationalize the operations of the industry, the martial-law government decreed that there should be only one airline to serve both the domestic and international routes. Philippine was absorbed by PAL, and Air Manila was permitted to operate only as a charter airline.

## Open Skies

Late last year PAL's ownership and management passed from private to government hands. The reason for the decision of the private owners headed by Benigno Toda Jr., the airline's pres-

ident, to sell out to the government was that they did not have the resources to finance the airline's expansion. Besides, the line's interests and those of the government were in conflict. The government, after all, desired for some time, finally achieved, the "open skies" policy for airlines to support its program of building up the country's tourism industry. PAL feared competition from the foreign, especially American, airlines and wanted to restrict their flights to the Philippines. After the government acquired the private owners' shares through takeover by the Government Service Insurance System (GSIS) Chairman and General Manager Roman Cruz Jr. succeeded Mr. Toda as president of the airline.

Under this more liberal policy toward foreign airline participation in the Philippines' international flight services, the Philippines has been able to boost its weekly flight frequencies from 10 to 300. It is proposed to boost it to 400 a week in order to attain the Department of Tourism's target of bringing in at least one million tourists by 1980 if not by 1979.

The Philippine Long Distance Telephone Co. is an expanded version of a prewar company that is today one of the most profitable among the country's top 10 corporations. But it has not grown fast enough in its facilities to catch up with the much greater requirements of a burgeoning population.

Although it services most of Metro Manila and accounts for some 83 per cent of all telephone lines in the country, PLDT's total telephone lines of less than half a million are considered hardly adequate to meet the mounting demands of a rapidly growing economy.

Siemens AG of West Germany recently won a contract to supply PLDT with some \$100 million worth of equipment for its expansion program. This project will, however, add only about 60,000 telephone lines in the Manila area in 10 years' time, or by 1990.

## Despite Setbacks, Trade Balance Improving

**MANILA, (UPI)**—Despite setbacks in the world market for its leading commodities in 1977, the Philippines was able to increase export earnings by 17 per cent to a total of \$2.5 billion last year.

At the same time, the increase in imports was only 5 per cent, to \$2.2 billion. This latter development, although it reduced the trade deficit to \$777 million from \$877 million in 1976, was viewed with some dismay since it confirmed a slackening of industrial expansion through a reduction of plant imports. The World Bank, in consultation with the Philippine government, has suggested that imports should be allowed to increase by 14 per cent annually, while exports must increase by 16 per cent per annum.

The trade deficit last year was offset by invisible foreign exchange earnings from tourism and labor exports. When additional dollar inflows from investments and remittances are included, the balance of payments shows \$170 million in the black. This is a turnaround from 1976's balance-of-payments deficit of \$161 million.

With prices of sugar and copper expected to recover this year, Philippine export earnings are projected to exceed \$3 billion for 1978. But the Philippines is likely to show a trade deficit until 1980 because imports, which continue to run ahead of exports, will rise further to over \$4 billion in 1978. This is because the country's total petroleum import bill is expected to rise further and because the government is stepping up its infrastructure program, which will require increased imports of machinery, equipment and producer goods.

The pattern of the country's foreign trade has improved in the last decade or so. This has been due largely to conscious government policies aimed at diversifying markets and expanding the list of exportable products and sources of supply. On the whole, foreign trade has grown steadily at an average rate of approximately 10 per cent annually despite unforeseen adverse developments like the quadrupling of oil prices since 1973, which has affected the growth of export industries, and the setbacks suffered by such major pillars of the economy as sugar, copper and other primary products.

## Diversification

Major highlights of this improving pattern.

• The Philippines has diversified its markets so that today it has commercial ties with some 160 countries, including the Socialist and non-traditional trading areas like China, the Soviet Union and seven other Eastern European countries, and four other Communist states in Asia.

• Sources of supply for capital and producer goods that the Philippines needs for its industrial development program have

likewise been diversified so that while the United States remains the largest market, Japan has replaced it as the biggest source of imports, with Europe and the Middle East becoming major suppliers of certain producer goods.

• Growth in exports has been more pronounced in non-traditional commodities like garments and other manufactured textile items, handicrafts, processed foods and appliances.

• Whereas previously the bulk of imports consisted of consumer goods, today about 90 per cent represent capital and producer goods required by the country's industries and infrastructure development.

## End of an Era

In 1974 preferential trade between the United States and the Philippines came to an end with the expiration of the 1954 Laurel-Langley Agreement. This had been preceded by a period of free trade, which started during the earlier years of American occupation of the Philippines and ended in 1946, when the Philippines became an independent republic and agreed to replace unlimited free trade with a new arrangement which would gradually reduce tariff preferences under the Bell Trade Act and later under the Laurel-Langley Agreement.

The main objective of this trade arrangement was to make the Philippines less dependent on the U.S. market and consequently oblige the country to diversify its markets and also its exports. At the start of this new arrangement, Philippine trade with the United States accounted for 70 to 80 per cent of the country's total overseas commerce. Today trade with the United States accounts for less than 30 per cent of the total, with 36 per cent of total exports still going to the United States but only 22 per cent of Philippine imports being supplied by that country in 1976.

The gradual diminution of tariff preferences for Philippine products entering the United States, and the end of special ties on July 4, 1974, made it necessary for the Philippines to develop new markets; while the termination of preferential treatment for American products entering the Philippines had made it necessary for the country to give one another preferential treatment on over 500 commodities.

But it will probably take more than a decade before the effects of preferential trade will boost the exchange of goods and services among the Asian states to a level that would approximate trade with the United States, Japan or the EEC. However, through a broadening of the list of commodities now accorded preferential treatment and growing industrialization in the region, the Asian could grow rapidly and propel sustained industrial development in the region.

The shift from exports of raw materials and primary products

pine exports to the United States consists of processed or semi-manufactured products like coconut oil, sugar and garments, exports to Japan are largely raw materials like copper and other base metals, copra and logs.

The European Economic Community (EEC) has increased its share of Philippine trade, taking about 19 per cent of Philippine exports and supplying 12 per cent of imports in 1976, likewise turning the trade balance into the Philippines' favor.

Mainly because of the quadrupling of oil prices, the Middle East countries now supply some 17 per cent of the Philippines' total imports while taking only about 3 per cent of this country's total exports. Of the Philippines' total oil import bill, exceeding \$1 billion for 1977, from 85 to 90 per cent was supplied by Middle East countries, particularly Saudi Arabia, Kuwait, Iraq, Iran and Bahrain.

The Socialist countries, especially the People's Republic of China and the Soviet Union, are now increasing their share of the Philippines' overseas trade, accounting for over 3 per cent of the total in the last year. About 8 per cent of Philippine exports are absorbed by the Socialist states, but less than 2 per cent of Philippine imports are supplied by these countries.

## Trade With Asean

Because most of the potentially large markets in Southeast Asia are developing countries and primarily agricultural, trade among them has remained negligible. The Philippines until a year ago was exporting less than 5 per cent of its products to the other members of the Association of Southeast Asian Nations (Asean). It was importing about 7 per cent of its requirements (largely oil from Indonesia) from its neighbor countries.

The members of the Asean, however, hope to develop a common market among their combined quarter-of-a-billion people and have decided to establish limited preferential trade among themselves starting in 1978. Through negotiation and voluntary offers, the five members of the regional bloc—Indonesia, Malaysia, the Philippines, Singapore and Thailand—agreed to give one another preferential treatment on over 500 commodities.

But it will probably take more than a decade before the effects of preferential trade will boost the exchange of goods and services among the Asian states to a level that would approximate trade with the United States, Japan or the EEC. However, through a broadening of the list of commodities now accorded preferential treatment and growing industrialization in the region, the Asian could grow rapidly and propel sustained industrial development in the region.

The shift from exports of raw materials and primary products

to industrial goods has been slow. Most of the Philippines' export still consist of primary products like copra and by-products, sugar, metallic minerals, logs and wood products, and agricultural commodities like tobacco, abaca and pineapple. The export list has expanded in recent years but two of the notable new exports are still agricultural products, bananas and coffee.

While exports of major products like sugar, logs and copra have met setbacks, non-traditional exports like garments, handicrafts and other processed goods have scored significant gains because of the abundance of skilled as well as unskilled manpower and comparatively cheaper labor, the Philippines has been attracting new industries in the food processing, electronics, appliance, building materials and metal sectors. Part of the production in these areas of industry is now being exported.

## Export Prospects

Sugar continued to be one of the biggest dollar earners last year although earnings from this item fell off compared with the previous year because of lower prices. This year prices are expected to start picking up and sugar will likely remain the second leading export. Coconut oil has already superseded sugar as the primary foreign exchange earner and is expected to be the leading export in the next few years.

Lumber and plywood will replace logs as a major dollar earner, just as coconut oil has superseded copra as the leading export, because of government policy to discourage exports of raw materials in favor of processed goods.

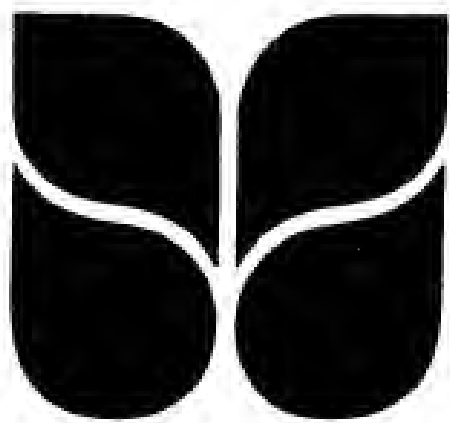
From another decade earnings from exports of processed or manufactured goods are expected to exceed earnings from exports of primary products. This is considered logical since manufacturing is expected to surpass agriculture in its contribution to the gross national product in less than ten years.

Philippine official policy is to strengthen trade relations with traditional trading partners like the United States, Japan and the EEC while developing trade with non-traditional trading partners and the rest of the world. This is the reason why current talks are being conducted to improve trading arrangements with the United States to replace the expired Laurel-Langley Agreement and with Japan to get that country to buy more processed goods instead of mainly raw materials. At the same time, the Philippines is exploring new trade frontiers to expand this country's international trade horizons. Last year the Philippines increased its trading partners to 160 countries, compared to only about 130 a year before. It had surpluses in its trade with some 98 countries and deficits with 62, although overall the Philippines continued to incur a trade deficit.

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years, the country has become a major source of skilled manpower and of managerial expertise.

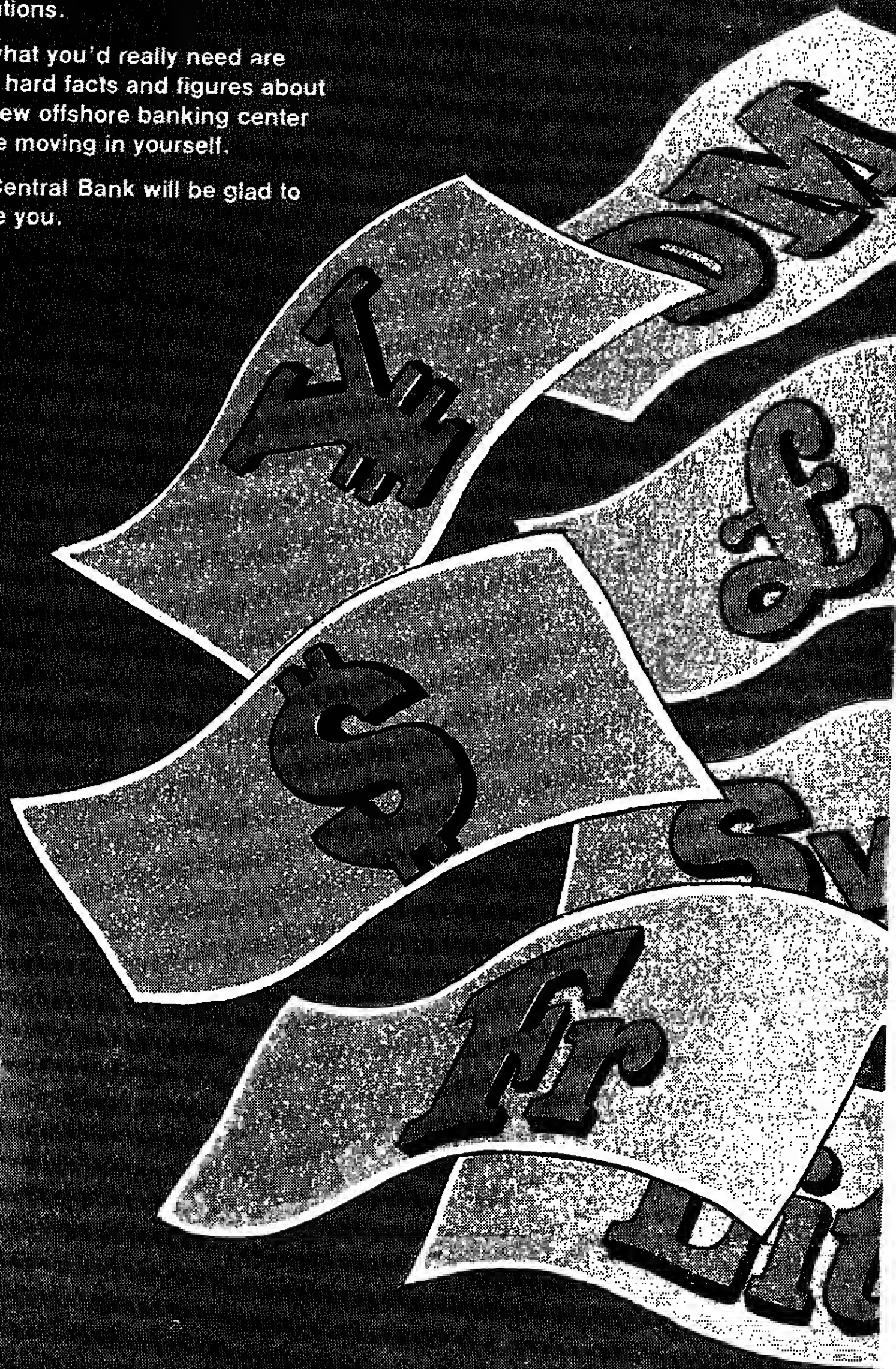
Its strategic location and modern communications facilities are also among the major factors that make the Philippines a logical choice as a Southeast Asian base for operations.

But what you'd really need are some hard facts and figures about this new offshore banking center before moving in yourself.

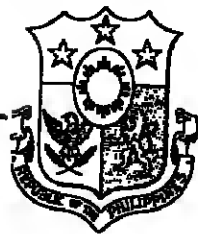
The Central Bank will be glad to advise you.



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# The 1970s See a Marked Increase in Japanese Investment

(Continued from Page 1.) creased in the 1960s and 1970s, with Japan's exports finally overtaking U.S. exports in 1970. Japan in fact today remains the principal trading partner of the country, with the Philippines on the losing end with an annual deficit in the \$100-300 million range since 1975.

Philippine exports to Japan have been mainly vital raw materials for Japanese industry, such as copper concentrates, gold, silver, chrome, logs and lumber. Lately, Philippine agricultural and marine products such as molasses, copra, bananas, and shrimp have also become dependent on the Japanese market.

On the other hand, most Philippine imports from Japan have been machinery, basic metals, transportation equipment, chemical and textile raw materials to meet the needs of major Philippine industries, particularly sugar, textile, cement and steel.

Much of Japanese equity capital today is in local joint ventures either in import-substitution or export-oriented industries, both of which match the thrust of Philippine industrialization policies. The import-substitution industries include the assembly and manufacturing of automobiles, appliances, machinery and synthetic fibers. The export-oriented industries include coconut-processing (into charcoal or oil), molasses-processing (into ribo-nucleic acid), and garments. The usual minority share (30-40 percent) of the Japanese is obviously misleading in such joint ventures since the Japanese control the technology, and in most instances provide a major portion of the non-equity financing.

## Collaboration

The Japanese generally collaborate with American capital and enter sectors either as junior partners of the Americans, or sectors in which the Americans are pulling out.

The Japanese, for instance, now play the major role in the country's car industry. Delta Motors, which is owned by the Silvestro family and is heavily tied up with Toyota through technical and financial arrangements, enjoys a 40 per cent market share.

The growth of Delta has largely

been due to its being a recipient of Japanese reparations as well as of Philippine government orders. (Delta recently concluded a tie-up with Maschinenfabrik Augsburg-Nürnberg for the local manufacturing of MAN's diesel engines.) Chrysler Philippines, which accounts for 25 per cent of domestic auto sales, was a wholly-owned subsidiary of Chrysler (U.S.) until 1972. It is now a joint venture among the Yulo family (65 per cent), Mitsubishi Motors (15 per cent), Nishio-Iwai (15 per cent), and Chrysler International S.A. (Swiss, 5 per cent). Both the Silvestro family and the Yulo family are extremely close to the presidential palace.

The Japanese are also active in the electrical appliance industry. Precision Electronics, the leading appliance manufacturer in the country, is owned by the del Rosario family and Matsushita. The second leading company, Philippine Appliances, formerly a Westinghouse subsidiary, now

markets Mitsubishi-brand television sets. The third-ranking Hitachi Union is a joint venture between the Ty family and Hitachi. In sixth place, Radiola-Toshiba is a joint venture among the Guerrero family (also the local Volkswagen assembler), the Philippine government, and Toshiba.

Having provided most of the machinery since the 1960s, Japanese firms now have substantial investments in the Philippine textile industry. The country's largest synthetic fiber producer, Philippines Synthetic Fiber, is 40 per cent owned by Teijin and Toyo Menka, while the remaining 60 per cent is divided among local groups led by the Palanca family. There are today over 30 Japanese-Philippine joint ventures in the industry.

Aside from its penetration into leading manufacturing firms of the country, Japanese capital acquired minority positions in two other strategic sectors: mining and banking-financing. The Japanese have holdings in the country's leading firms, all of which already have substantial American equity: Alaska Consolidated Mining, Marinduque Mining, Philstar Mining and Inco Mining. The Japanese role in mining is significant considering that most of these firms' output is exported to Japan through Japanese trading firms investing in them.

Taking advantage of the government liberalization, the Japanese have invested in three local commercial banks, all of which again have American capital: Rizal Commercial Banking (Continental Illinois Bank and Sanwa Bank), Far East Bank & Trust (Chemical Bank and Mitsui Bank), and Insular Bank of Asia & America (Bank of America and Dai-ichi Kangyo Bank). Other significant American-Japanese partnerships are found in Private Development Corp. of the Philippines (PDCP) (the consortium of some 23 American-European in-

stitutions and Bank of Tokyo), and in Ayala Investment & Development Corp. (Wells Fargo Bank and Saitama Bank).

## Concentration

While there are today some 470 Japanese-Philippine joint ventures in the country, one-fourth of these account for 98 per cent of total Japanese equity investments. Such concentration of large investments and the leading role they play in the Philippine economy could be due to two main factors.

First, most Japanese investments have been made by members and affiliates of the Japanese version of financial-industrial conglomerates. In fact, six Japanese groups alone account for 85 per cent of all Japanese equity investments in the country: the Dai-ichi Kangyo Bank (including the Kawasaki sub-group), Mizui, Mitsubishi, Sanwa, Fuyo and Sumitomo groups.

Second, the partners Japanese businessmen have chosen are the leading financial or industrial groups or families of the country, most of whom also had been, and still are, the major partners of American capital.

For instance, some 25 such Philippine groups have accommodated more than 85 per cent of all Japanese capital. Notable among these are the Ayala, Yuchengco, Deo K. Chiong, Distri, Soriano, Syco, del Rosario, Silverio, and Yulo groups and families.

A case in point is the Ayala group, one of the oldest and largest conglomerates in the country. This group has close capital tie-ups with leading local corporations such as Royal Dutch Shell, Morgan Guaranty & Trust, Citibank N.A., IT&T, International Harvester, and Westinghouse. The Mitsubishi group however is the Ayala's principal foreign partner in its holding company (Ayala Corp.) and in several other Ayala controlled firms.

Aside from the active participation of established Filipino elite groups in facilitating Japanese investments, the Philippine government has played a significant role, both in terms of administrative and political aspects and in terms of direct government participation in joint ventures such as Philippine Sugar Corp. (PSC), Manila Electric Co. (MELCO), Atlas Consolidated Mining, Marinduque Mining, and Radiola-Toshiba.

## Four Groups

The rapid but smooth entry of Japanese capital into the Philippines can therefore be attributed to the interests of four different groups: Japanese conglomerates (often in co-partnership with American capital), the Japanese government, Filipino business groups (usually established local allies of U.S. transnationals), and the Philippine government itself.

The close working arrangements of Japanese capital into the Philippines can therefore be attributed to the interests of four different groups: Japanese conglomerates (often in co-partnership with American capital), the Japanese government, Filipino business groups (usually established local allies of U.S. transnationals), and the Philippine government itself.

among them is well illustrated by Kawasaki's two investments here, which alone account for more than half of total Japanese equity investment in the Philippines. The establishment of PSC (100 per cent-owned by Kawasaki Steel Corp.) could not have been realized without the active participation of the Philippine government. The organization of the PSC was approved by President Marcos himself just a few days after former Prime Minister Tanaka left the country in January 1974. The government-supported Philippine Veterans Investment Development Corp. provided the PSC its plant site by buying and then leasing the land. Financing of this project, outside of equity, came from the Export-Import Bank of Japan, while the Japanese-dominated Asian Development Bank provided funding for necessary infrastructure projects such as electricity and roads.

The Subic National Shipyard Corp., on the other hand, is a joint-venture between another government firm (National Investment Development Corp.) and Kawasaki Heavy Industries, with the Overseas Economic Cooperation Fund of Japan supplying the greater part of the project cost. This ship repair facility, presently under construction, is located in Subic Bay, close to the U.S. naval base.

Japanese business interests in the Philippines have grown to the point where the Japanese government has started to express its desire to enter into negotiations with the Philippine government on the matter of insuring Japanese investors from political risks such as war, revolution, insurrection and policy changes restricting remittances and fund convertibility.

The Philippine government, on the other hand, is rather unhappy over the slow progress of negotiations to revise the treaty. In separate tax treaties, the Philippines is demanding higher withholding tax rates for Japanese investors' earnings. In the renegotiation of the trade treaty, Philippine demands focus on safeguards against unstable Japanese import cutbacks, and as those which occurred in 1971 when Japan renege on copra import contracts.

## Among Foreign Interests the U.S. Is Still the Biggest

(Continued from Page 1.) \$5.50-to-1 peso exchange rate). The United States accounted for P2,886 million or over three-fourths of the total. (But current book value is usually said to be \$3 billion.)

Taiwan was a poor second with a contribution of P186 million, followed by Spain with P163 million, the United Kingdom with P101 million, the Netherlands with P97 million, and the other countries accounting for the balance.

The smaller total recorded by the BOI survey probably already reflected heavy capital withdrawals. Substantial divestment mostly by Americans took place in the decade or so preceding the start in September 1972, of the martial law administration. In that decade, Filipinization legislation seemed to be the preoccupation of Congress, and restriction or even confiscation of foreign investment was a favorite theme not only in many sectors of print and broadcast media but also in some sectors of local business. The hostile climate was worsened by certain other factors. For example, corporate existence became miserable for an American-owned fertilizer maker because of tax-free and duty-free fertilizer importation. An American-owned public utility company decided to sell out to locals mainly due to restrictions on profit-dividend remittances to U.S. stockholders.

## Divestment

Major withdrawals of foreign investment involved Manila Electric Co., Philippine Long Distance Telephone Co., Benguet Consolidated Inc., Lepanto Consolidated Mining Co., Manila Trading Co., the Risco fertilizer manufacturing subsidiary of Esso Philippines Inc., Esso itself, Atlantic Gulf & Pacific Co. There were others, and the divestment accelerated just before the imposition of martial law. The atmosphere was such that after Atlantic Gulf was sold by its American owners to a local group, "Who's next?" was the question being asked.

Of the new foreign investment recorded by the central bank in

the February 1970-September 1977 period, some 22 per cent went to the banking-finance sector in response to a government invitation to foreign investors to help in the capitalization build-up of local banks and non-bank financial institutions as minority equity partners. Over 50 per cent went to manufacturing, mostly export-oriented ventures, 9 per cent went to mining, 7 per cent to commerce, 4 per cent to services and the balance to other sectors.

By way of comparison, there was no foreign equity participation in local banks and non-bank financial institutions in the earlier period (to the end of 1970) covered by the BOI survey. Banking-finance was off limits to non-Filipinos then, except for the presence of four foreign bank branches which were set up before the sector was Filipinized. Of the existing investment in the earlier period, almost 58 per cent was in manufacturing, mostly import-substitution ventures, 14 per cent in mining, 11 per cent in services, 11 per cent in commerce, 5 per cent in transportation, communications and utilities, and the balance was in other sectors.

percentage could be increased for certain reasons by the BOI. For 41 to 100-per-cent foreign-owned pioneer enterprises, the period of compulsory restructuring along the 60-per-cent Filipino and 40-per-cent foreign ratio was also made flexible, instead of a fixed 15 years.

The rice and corn industries were de-Filipinized except for their retail trading aspects. And while retail trade Filipinization continued, the definition of what was "retail" was changed so as to exclude certain activities deemed by foreigners as non-retail. This excluded the impact on foreign, particularly American, investment of a pre-martial-law Supreme Court ruling which not only banned any foreign individual or any entity less than 100 per cent Filipino-owned from retail trading, but also extended the prohibition to wholesaling and industry-to-industry trading.

## Softened Impact

Foreign investors in areas covered by the 60-per-cent minimum Filipino ownership requirement were allowed to sit as corporate board directors. This softened the impact of another Supreme Court ruling—a ruling which allowed non-Filipinos to invest in the above-mentioned areas but banned them from representation in the corporate decision-making body.

Oil exploration was also opened to foreign participation under service contract terms. While foreign investment was limited to 40 per cent in the fish-catching phase of the fishing industry, the ceiling was removed in the fish-buying, freezing and canning as well as in canned fish marketing operations. Incentives were granted to multinational corporations setting up their Asia-Pacific regional offices in the Philippines. Visa and certain other requirements were relaxed for foreign traders, investors and tourists. And so were the rules governing foreign capital repatriation and profit-dividend remittances. The withholding tax on such remittances was reduced.

"Open Skies" was adopted as civil aviation policy, thus allowing increased flight frequencies here by foreign airlines, including those from countries with no bilateral air agreements with the Philippines. Sixteen foreign banks with no branches here were authorized to operate offshore banking units.

After pre-martial law, the Supreme Court ordered compulsory divestment of all landholdings acquired by Americans under party rights. President Marcos allowed U.S. corporate landholders to sell or donate their lands to, and then lease them back from, private institutions in which the same American seller or donor lessors could own 40 per cent of equity. And some Americans were allowed to combine ownership of residential lands under certain conditions.

The Marcos decrees thus softened the difficulties for affected American individuals and entities. Costly relocations of industrial plants, machinery-equipment manufacture and other facilities were averted. And so were equally costly transfers of residences.

Not all the changes since September 1972 have been favorable to foreign investment. Under a policy which strives to strike a balance between attracting foreign investors and protecting local ones, the government has closed media establishments to non-Filipino capital, and has Filipinized schools. "Adequate exploitation" has become a ground for rejecting foreign investment in areas where local investment is deemed sufficient to meet market demand, even if these areas are not defined either by the constitution or statutes as covered by the 60-per-cent minimum Filipino ownership requirement.

## Credit Ceiling

While foreign minority investors in a public utility or a natural resource-based entity can become directors of their organizations, they are not allowed to become officers or, for that matter, even employees—with or without com-

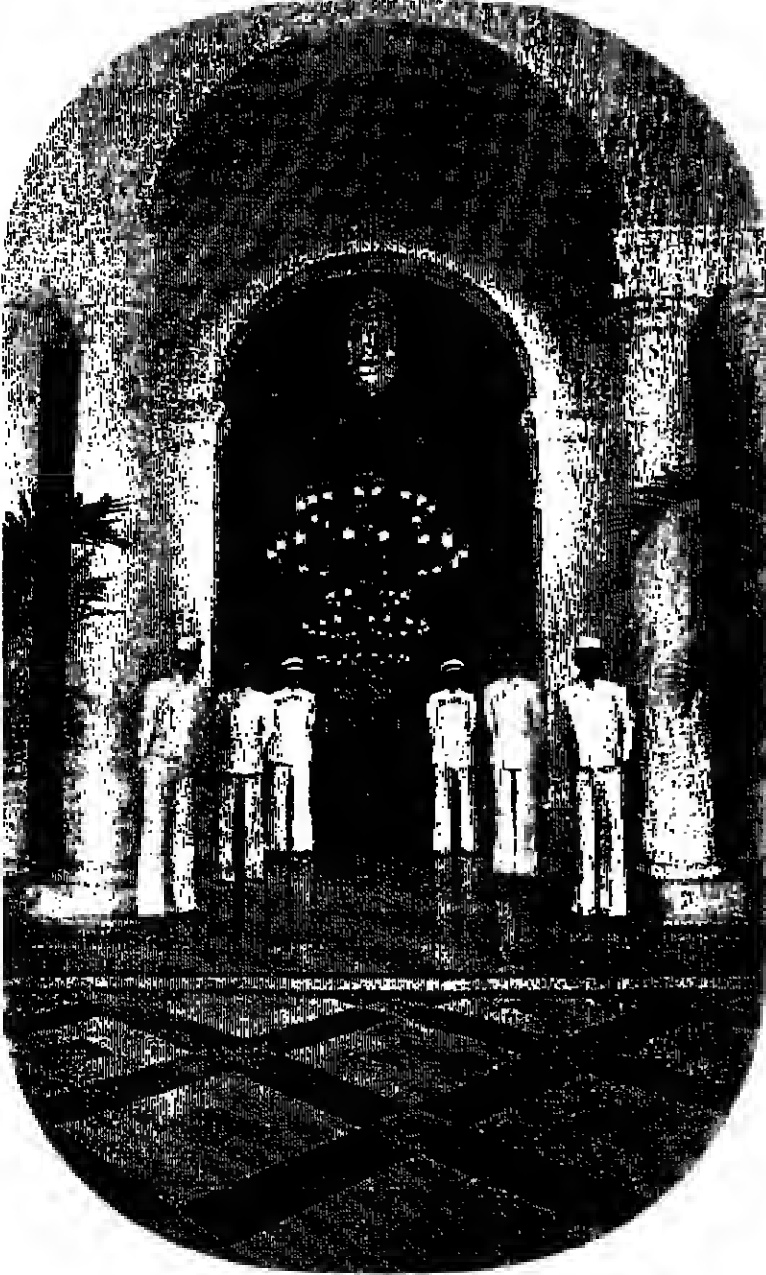
pensation. And a ceiling based on debt/equity ratio has just been imposed on foreign-company access to local credit.

In the face of all this, the complaint of foreign, and particularly American, investors is that many of the changes are being made to apply on existing investment or on already on-stream projects. They cite the restrictions on local borrowings by foreign companies, for example. Thus, U.S. businessmen, while reconciled to the loss of parity rights, are asking for what they call a non-discriminatory policy—equivalent to a government guaranty that, once a foreign investor is allowed to take a risk in an area under existing investment rules, such rules will not be changed vis-à-vis that risk. This proposal is being rejected by the government, which regards non-discrimination as just another name for parity.

On balance, the American investors are satisfied. Certainly the investment climate has improved, at least compared with what prevailed before 1972.

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The Manila Hotel  
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## Restrictions Removed

Right after he abolished congress and assumed martial law powers, President Ferdinand E. Marcos moved or at least liberalized in application the restrictions on foreign investment that were imposed by legislation or that resulted from policy interpretations or legal rulings. The previously closed banking-finance sector was opened to non-Filipino capital to the extent of 30 per cent of total equity in general and 40 per cent on a case-by-case basis. The ceiling on foreign ownership of vessels engaged in domestic fishing was raised from 25 to 40 per cent.

The allowable maximum on foreign investment in non-pioneer areas of economic activity as well as in export-oriented areas was made flexible in such a way that, instead of a fixed 40 per cent, the

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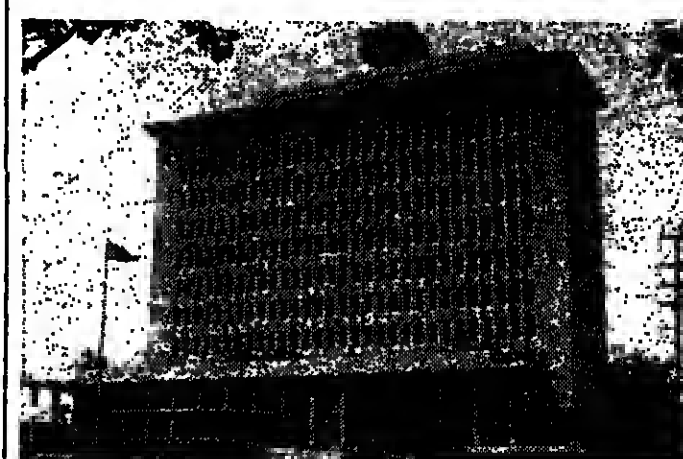


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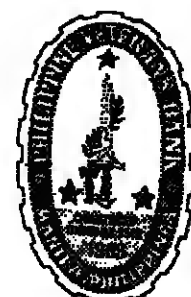
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## Tourism: Endless Possibilities to Explore in the Provinces

By Donna Reginsky

**MANILA (IET).**—The Philippines did not treat its first European visitors too well. When he was out on an initial warm native dispute, the Portuguese explorer Ferdinand Magellan was killed by a Filipino chieftain, and his men were massacred on the beach.

As the years passed, the country's good points were overshadowed by its bad. Who wanted to visit a country with a reputation for violence—daylight hold-ups and nighttime knifings, gang wars and political feuds? It is felt that the declaration of martial law changed much of this. The improved situation coupled with the country's reputation for hospitality, low prices and scenic beauty have induced many travelers to reconsider the Philippines. Tourist arrivals jumped from 144,331 in 1971 to more than 650,000 last year. And if the Philippine Department of Tourism should manage to meet its target, the figure will reach one million by 1980.

### The Action

Nearly everyone begins a Philippine visit in Manila, the country's most popular tourist destination. Though it offers few traditional tourist attractions (most of the historic city was leveled by devastating bombing raids at the end of World War II), Manila has always been where the action is. It has the country's best hotels and restaurants, its swiftest nightspots and biggest stores, its fullest cultural calendar and most outspoken citizens, and its greatest contrasts—between rich and poor, old and new, East and West.

Manila visitors can easily discover this for themselves. Tourists can now take their pick of 15 first-class hotels. The competition among them (most were built only a year and a half ago for the conference of the International Monetary Fund-World Bank and room capacity still far exceeds demand) may be a high-rise pain for the profit-and-loss men, but it is a bonanza for tourists looking for good service and low prices.

In their bid to win customers—Filipino and foreign—Manila's hotels are also engaged in cul-

inary battles with one another and with the city at large. Executive chefs vie in offering the best in continental and oriental food, and even if their efforts are not always successful, they have moved Manila a few rungs higher on the gastronomic ladder.

Competition also extends to the entertainment scene. Hotels, nightclubs and cocktail lounges fight for the best in local talent. The result is to make even livelier a night scene which, with the lifting of curfew last year, is regaining its old reputation as possibly the liveliest, and certainly the most affordable, in Asia.

Shopping is getting better, too. Though Manila cannot offer the duty-free bargains of Hong Kong or Singapore, it is far

from being a handicrafts-only outlet. Spacious shopping centers offer a wide variety of foreign and domestic goods, the latter attractive enough in price and design to induce thousands of Hong Kong Chinese to visit every month to do their shopping. Some of them are even having

their clothes tailored in Manila, finding that the city's couturiers offer fine workmanship at low prices.

Handicrafts still play an important part in the Manila shopping scene. Shellcraft, rattan, baskets and woodcarvings are among the most popular items.

Their quality varies as does the price. Outlets are numerous, though the best bargains are usually found in large open-air markets.

However, the very best of what the Philippines has to offer lies outside its capital city—in the provinces. Several of the more

popular provincial destinations are already well known to tourists: Tagaytay, on the rim of the Philippines' smallest but most active volcano; Pagsanjan, for shooting rapids; Corregidor and Bataan, where Filipino-American forces made their last stand in 1945 against the Japanese; Ba-

guio, the mile-high city whose crisp climate and pine-clad hillsides give it an ambience more Alpine than Asian; Banaue, with the rice terraces some call "The Eighth Wonder of the World"; Zamboanga, an old Spanish fortress town now a small bustling port surrounded by white sand beaches. There are also the Muslim villages on stilts and, sadly, thousands of troops trying to quell the secessionist movement in Mindanao.

As might be expected in a country with a tropical climate and 7,107 islands, the Philippines' primary attraction for many visitors is its beaches.

Some beaches are just the other side of paradise, with their white sands, clear waters and colorful sea life. Spectacular diving

grounds abound. The Philippines is the world's main source of decorative and aquarium fish as well as rare and beautifully drawn shells. The richest diving grounds are in northernmost Luzon, especially around Fuga Island; the areas around Mindoro, on Caba, Lubbang, and Busuanga Islands; the Bugsuk group of islands off Palawan; and the region around the Davao Gulf.

Diving tours are available for both professionals and amateurs. Group rates start at \$30 per person a day and include transport, accommodation, meals and rental of equipment.

The country's best beaches are often its most inaccessible, but there are some worthwhile exceptions. Balesin, off the southwest coast of Luzon, and Siogon, off Panay Island in the Visayas, are among the most luxurious beach resorts to be found in Asia. Balesin has chosen to limit development to a dozen cottages, and admission is to select groups only. Siogon, on the other hand, will soon have more than 400 rooms. Both resorts offer swimming, snorkeling, diving, water skiing, boating and fishing facilities.

Not as well developed as Balesin or Siogon but likely to rival them before long is Puerto Azul, a ten-year, \$100-million project in Cavite province, begun in 1976 and due to accept its first guests in 1979. A private project granted generous government loans as well as publicly financed infrastructure improvements, Puerto Azul will include a 27-hole golf course, complete sports and recreational facilities and 1,500 rooms (spread out among several small units rather than one large hotel).

Though it lacks a beachfront swimming area, Punta Baharte, a two-hour drive south of Manila in Batangas province, is considered by some to be the country's premier resort. Another favorite is Hidden Valley. Located in the forested inner recesses of an extinct volcano, Hidden Valley has five natural pools almost hidden in the jungle greenery.

These are the most well-developed of Philippine scenic attractions. But for a visitor willing to leave behind big-city conveniences and explore on his own, the list of possibilities is almost endless.

—B.R.

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visit every month to do their shopping. Some of them are even having their clothes tailored in Manila, finding that the city's couturiers offer fine workmanship at low prices.

## A Pioneer Company With Several New Enterprises

**MANILA (IET).**—San Miguel Corp., the Philippines' publicly owned corporation, is not only a pioneer in the establishment of several new enterprises, but it is the most diversified food processing and industrial firm in the country today.

Established in 1890 primarily as a beer manufacturer—the first in Southeast Asia—San Miguel for a number of years was consistently the top corporation in sales and earnings. After the fourfold increase in the price of oil, San Miguel lost its premier position as corporate leader to the big oil companies, including the government-owned Bataan Refinery Corp., which is now the top corporation for sales and assets, and to Petron Corp., another state-owned firm. In 1977 San Miguel was behind three oil companies (including Philippines Shell) in sales, but was third in earnings.

Starting as a family-owned corporation, San Miguel was incorporated in August, 1913, as San Miguel Brewery and later incorporated 51 years later as a Philippine corporation under its present name. It has branched out since its establishment into the manufacture of some 30 product lines ranging from soft drinks and foodstuffs to construction materials and industrial

products. It processes milk and makes ice cream. It is also engaged in poultry raising, and to assure continued growth and stability of this industry, it went into feed manufacture. It grows rice and corn as part of its agricultural expansion program aimed at developing new sources of raw materials and strengthening an indigenous base for its food processing operations. Soon it will be raising mushrooms for export.

### Corporate Growth

In the last ten years alone corporate growth has been phenomenal under the executive direction of the Soriano brothers—Andres Jr. and Jose, president and executive vice-president-treasurer, respectively. Sales rose from \$1.6 million in 1967 to approximately \$338 million in 1977; net profit grew from \$6.35 million in 1967 to around \$27 million in 1977. Ten years ago San Miguel already had 11,000 employees and workers on its payroll. Today the work force has grown to 21,000 and is exceeded only by the work force of the Philippine government and the U.S. military. The number of stockholders has also grown progressively, from 12,000 in 1967 to nearly 17,000 today. Taxes paid to government cor-

porates have increased even more rapidly than have dividends paid to stockholders. While cash dividends paid have risen from only \$3.4 million in 1967 to \$9.2 million in 1976, taxes have jumped from \$13 million to \$54 million today. This is a matter which shareholders have invariably raised during every annual meeting. Company sales in 1976 increased 17 per cent over the previous year's performance, but because of rising operating costs and a minimal upward revision in prices of its products, San Miguel's net income improved by only 6 per cent. The company has reinvested about 63 per cent of its net earnings in expansion and modernization.

What has made San Miguel a model in corporate growth is its enviable record as a steadily rising public corporation. Today it has some 17,000 shareholders who continue to enjoy quarterly cash dividend payments at a time when many of the major corporations in the Philippines have had to suspend dividend payments owing to narrowing or disappearing profit margins. When most enterprises in the country were family-owned, San Miguel was offering shares to the public to finance expansion of existing facilities or set up new pioneering industries. Andres Soriano sr.,

who was president of the company from 1931 to 1974, was credited, more than any other Philippine businessman, with propagating the corporate concept as well as with the impressive growth and corporate record of San Miguel. He has often been referred to as the father of the public corporate idea in the Philippines. Subscribing to the business philosophy that progress is possible only through acceptance of change, development of new opportunities and adherence to the sound concept of "profit with honor," the late "Don" Andres, as he was generally referred to in Manila's Hispanized society, started to make changes in San Miguel's manufacturing setup to affect savings in costs with the imposition of duties on many of the imported supplies required in the company's brewery and bottling operations. Among the previously imported items that began to be manufactured locally soon after the last war were the glass containers, metal and plastic closures, labels and other packaging products.

Don Andres, through San Miguel's phenomenal growth and burgeoning resources, carried the public corporate concept farther through establishment of new pioneering enterprises that today

are among the biggest widely owned corporations in the country. He conceived the plan of seeking up the first large disseminated copper mine (Atlas Consolidated Mining and Development Corp.)—the largest open-pit mine in Southeast Asia; the first integrated pulp and paper plant (Paper Industries Corp. of the Philippines), and a number of other enterprises in which San Miguel has some \$22 million invested with a market value of around \$47 million. These include companies engaged in the manufacture of wire rope, steel drums, polypropylene woven bags, ramie fibers and fabrics, prestressed concrete and cement, coconut oil, coffee, infant foods and flour, and also tourism facilities like hotels.

### Overseas

San Miguel may also be considered a pioneer among Philippine corporations that are expanding overseas. A modest multinational by international standards, it has made investments in Hong Kong, Papua-New Guinea, Indonesia and Spain. It also invested in a brewery on Guam but decided to pull out not long after in favor of building new facilities in Southeast Asia and the South Pacific. Its overseas

investments as a whole (\$2.7 million as of end-1976) have turned out to be profitable, with an estimated market value of \$64 million.

Like many of the more enlightened conglomerates that believe in identifying themselves with the public and attaining sustained growth on a broadening public-ownership base, San Miguel also subscribes to the concept that a corporation must have a social conscience.

San Miguel, along with the big enterprises managed by Soriano and Company (through their holding company, Anson Corp., with over 30,000 stockholders), led some 100 corporations in organizing a foundation now known as Philippine Business for Social Progress (PBSP).—The PBSP, which came into the picture in the early 1970s when the need for social action projects was becoming urgent owing to growing unrest among the unemployed and low-income groups, seeks depressed or disadvantaged segments of the community. Each of the corporate members sets aside 1 per cent of its gross income before taxes to help fund social development projects such as manpower training and the acquisition of skills among the unemployed.

—B.R.

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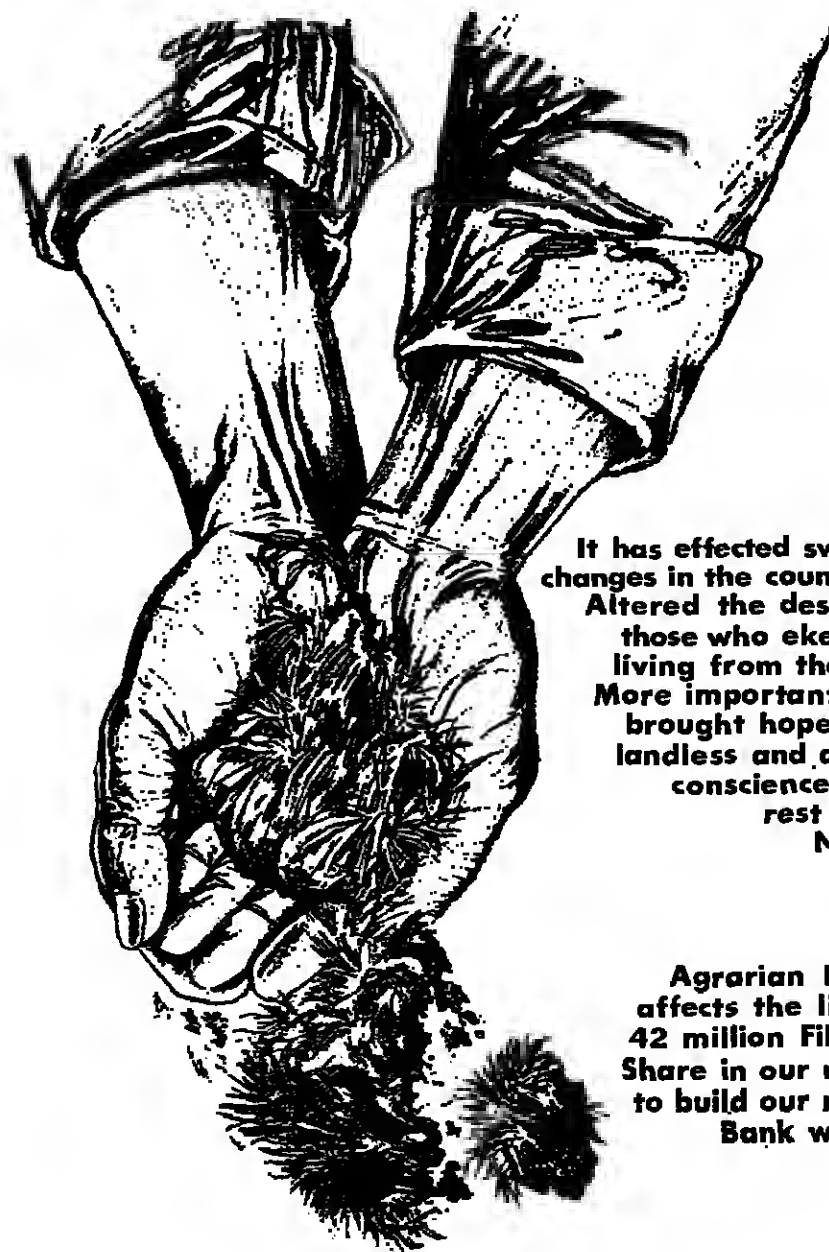
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# 'My Only Luxury Is to Sleep in the Cool Church on a Hot Afternoon.'

By Mila Lahoz

**MANILA (Herald Tribune)**—"We are both Filipinos, you and I. Yet we are not the same. You are far from me, you move in a different world. I'm a farmer, and my world is the rice fields and the meadows. Look at my hands and my feet—they're thick and dirty. But a professional like you, you work in an air-conditioned office. Your hands are soft and fine."

Indeed, Mando the farmer believes that there is a vast difference between himself and myself—the rural and the urban Filipino. Yet most Filipinos all over the country are more alike than Mando thinks. For poverty and survival have marked their daily lives, and have bound them to the same basic aspirations and struggles, to similar ways of living and thinking and coping.

Poor but flamboyant, Filipinos live their lives with acceptance and good humor. In the cities, the fatigue of daily life is washed away in beer gardens, amid easy camaraderie and raucous laughter. In the countryside, farmers end their day preening their fighting cocks, gossiping over a gallon of coconut liquor.

Everywhere, abuse is accepted from the top, and passed on to the guy below almost without malice. Jesus and the saints are invoked as benefactors to bring about the miracle of a job, or the recovery of a tubercular husband.

Family and kinship ties are constantly strengthened, a vast net on which to fall back during harder times. And within every Filipino is a fierce will to survive—to keep afloat, and perhaps, to overcome the situation and make a better life.

To make a better life, many Filipinos look for better-paying overseas jobs, and some 100,000 skilled workers a year get them. Leonardo, a construction worker, prays for one of these contracts: "I live at the construction site in order to save on transportation, so I see my family only on Saturday nights. When I leave them on Sunday morning, I pass by the church, and I pray that I'll get a job abroad."

"You see, I have already applied for a construction job, I have filed all the needed papers. I'm willing to work even in Saudi Arabia. If I stay here, I will be



A vendor in a market place.

able to get only enough to eat, to feed my family. But they won't have a good future."

Since not everyone is lucky enough to get an overseas job, Filipinos look to education as the key that will unlock the door to a better life. Ester left the farm at 14, and found work in Manila as a housemaid. Even though her wage is only P90 a month, she says: "I sent a brother through high school, and a sister through a dressmaking course. And now that my brother works as a soldier, he helps send the younger ones to school. I just hope he doesn't get married yet. My sister will also help once she starts to earn as a dressmaker."

"I myself reached only fourth grade, but it doesn't matter. I just want the younger ones to have a better chance, a better life, than mine."

In the struggle to get ahead, it is every man for himself. Mario, a small tobacco farmer, describes how he sells his carefully tended tobacco leaves to the only middleman in town: "I sprinkle fine dust over each leaf, so that they will weigh more. But when the

Chinese buyer appraises the quality of my leaves, he singles out the sheaf with the worst color, and quotes a low price for my whole stock, based on that sheaf. And I can't sell to anybody else. So we're really cheating each other. Since I know he'll cheat me anyway, I might as well cheat him, while I can. But the Chinese cheats me more than I can cheat him."

In order to make or save an extra peso, no effort is too small, no gain too petty. A big coconut landowner complains, "Of course, my tenants cheat me. They gather coconuts on their own, and sell them secretly so that I do not get my share of the money." A bus conductress complains, "The hardest part of my work is to fight the passengers, especially those who try to fool me. Some give me a fare of 50 centavos, and 30 minutes later, while I'm busy with new passengers, they tell me I still haven't given them their change for five pesos. Sometimes it's done in fun, to see if they can get away with it; but when I'm shortchanged, I have to pay the difference out of my day's wages."

Not even Victor, the blind beggar, is spared: "Those people from the social welfare agency, if they know how to care for the needy, they would not keep for themselves the donations that are supposed to be given to us."

## Frivolity

But even while they scrimp and scrape, Filipinos retain a sense of frivolity, no matter how small the scale. Maria's entire family works as hired labor in the sugar fields because, as she says: "If you don't work hard, you'll end up buried in debt." Yet she allows her two girls to keep what little they earn, because: "They're young women, they need something for their make-up."

Aware that their predicament is shared by many others, Filipinos accept abuse not only with tolerance, but sometimes with understanding. Toll, a car mechanic, has accepted and even absolved the cop who solicits protection money from his garage: "I don't really blame these corrupt policemen—I know their lives are not easy either. Some of them keep

many women, so they are forced to take from others because their salaries can't maintain all their wives."

"Some of them are useful—like the cop we take care of; he has helped us secure papers and licenses from city hall. Life is like that, you know. If you cooperate, others will cooperate with you. If you help others, they'll help you."

## A Key Value

The policeman sees the situation in a similar manner: "I catch a violator, and he pleads for mercy. Now, who is the man who cannot forgive when someone begs and almost weeps before him? I forgive him. And naturally he wants to show appreciation for the favor done. Showing appreciation is a natural feeling. Will I say, 'No thank you' and leave it at that? If I refuse the money, it might make the other person feel that I am too proud, and anger him."

Even in a more sophisticated business environment, accommodation is a key value on which people operate, whether it is accommodating a hint for a commission that will clinch a business deal, or accommodating a client's request to put a poor relative on the payroll. For Dante, a marketing man, "Doing business is mainly a matter of talking to people, pleasing them. Like, just last week, I joined the Muslim clients in the south wanted me to become a Muslim. I had to do that, see, because I didn't want to offend them."

Here, business habits are based mainly on personality—like, I'm a friend of this fellow, or he's kind to my children, or he's generous to my mother-in-law—so why shouldn't I buy from him? It's not very professional, you know."

While they work in this kind of environment, Filipinos somehow manage to retain pride in their work. When Lourdes explains how she gets her laundry clean, you know you are listening to a pro: "Most people get their clothes dirty in the sleeves, armpits, collar, buttocks, knees, and ankle cuffs. So I scrub really hard in these places, and rinse with plenty of water."

Laundrywomen are not all the



Filipino children mug for the camera.

same, you know. Some just rush through their work, they want to finish right away and get their pay. But if you want to keep your customers, you have to do a really clean job. My customers say I'm a good laundry woman."

"When I was pregnant with my second, my husband was jobless, and I kept the family alive with my laundry work."

## Payday

However, a job well done does not necessarily mean a more equitable wage. How does one live on a Filipino salary?

Fior's husband is a company driver. "His salary is really small" she says: "On the 15th, he gets P188, because they deduct social security and Medicare. On the 30th, he gets P200, that includes his P50 inflation allowance. I pay P23.50 every payday for this shack. And then I repay my debts from the store. My budget for debts is P50 each payday, for items I borrow when there is no more money just before payday."

"My budget for food is P5 a day, not including rice, which my

parents send from the province. On this I feed eight people: my two sisters who stay with us, my husband and I, my four children. I buy fish and vegetables; the fish I cook for supper, when my husband eats with us. I always add plenty of vegetables, so everyone can eat. On paydays, we have meat—half a kilo. Items like sugar, soap, coffee, cooking oil, I buy these in small quantities every day—just enough for the day, so nothing is wasted."

"For clothes, and other things I can't pay for in cash—like a cooking pot that I really need, and a wash basin to replace my old one that had too many holes—I buy these on installment, from peddlers who come to the neighborhood. I pay around P10 each pay day for my installment purchases."

Preoccupied with such a basic endeavor as survival, it is small wonder that Filipinos are not much concerned with other issues like human rights or press freedom, or even martial law. Many Filipinos accept martial law mainly as a historical fact with-

out either anger or joy, and without analysis. Leah goes to market everyday to buy food for her kitchenette. She notes that "ever since martial law, life has gotten more difficult, because everything is so expensive. Before martial law, a tin of sardines cost 35 to 50 centavos; now it's P1.80. Before, a kilo of tuyo (dried fish, the traditional poor man's food) cost P4; now, it's P10. What can people do?"

To overcome the grimness of real life, Filipinos have sharply focused their sights on little pleasures that they can enjoy. For Itoy, a church caretaker: "My only luxury is to sleep inside the cool church on a hot afternoon." For Mando: "Farming is good because of the kinship that exists among the farmers." For Fior: "When I see that my children are not sick, and they are not quarreling among themselves, I am already happy. And also sometimes, when I can take my children out of the house, have some recreation with them, go to the park—that makes me feel good inside already."



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# Culture: 'Getting to Know a Filipino is Like Peeling an Onion'

By Alice C. Villadolid

**MANILA (IHT)**—The awards night of the all-Filipino film festival on Jan. 2 lived up to its advance glamour billing as the stars of the local box office, dressed in their best silks and velvets, came to their places inside the grand ballroom of the Philippine Plaza Hotel. But as the awards committee announced the citations, faces turned sour, some movie directors shouted "foul," and the handsome Elida Cordel walked out of the hall, her fellow screen stars trailing behind.

The tempest was spawned by the citations. For in singling out nine winning films, the government-backed jurors publicly castigated other entries as "failing the test of common sense," and then, in the same harsh language, proceeded to criticize the winners. For days afterward, the best-known Filipino movie directors publicly deplored the jurors' verbal assault on their work, questioning the standard of "authentic Philippine reality" as at best a controversial one. One director angrily returned his award and the festival committee then tried to salvage the situation by nullifying all the awards.

The furor over the recent film festival illustrates the deep divisions in the Philippine national psyche and the determined effort of local historians, artists and social scientists to heal these wounds and bring about cultural unity. Thoughtful Filipinos are striving for common forms—a Filipino film, native theater, a national language, Filipino dance and music—hoping these will crystallize a national consciousness.

## Two Kinds

There are at least two kinds of Filipinos: the modern and the traditional, said writer-historian Armin Guerrero Nakpil in a recent interview. "In the case of the film festival, the jurors are following very modern criteria while the movie directors and their sympathizers were looking at the matter from a traditional point of view," Francisco Sionil Jose, novelist



Manilans staging a mountain folk festival.

and book publisher, traces the gap to the rural setting in which the majority of the 43 million Filipinos live as against the urban milieu in which the educated leadership operates. "There will always be two cultures. There will be the city artists who will be read or seen by a few and the popular entertainers who will influence the many," he said as he relaxed in his book-lined office above the Solidarnosc bookstore that he operates. He himself is a reminder of that rural-urban gap. Some years back, he wrote a charming novel entitled "The Pretenders" portraying the conflicts of life in his rural hometown of Rosales, Pangasinan. Lately, he has addressed only the intellectuals in Manila.

Jaime Bulacao, a Jesuit sociologist, calls their prevailing Filipino Christianity a split-level faith. While anthropologist Eric Casmio writing in the scholarly

Manila magazine *Archipelago*, says, "Getting to know a Filipino is like peeling an onion. One identity lies concealed behind another identity."

Indeed, aside from intellectual and affectional differences, the tribal or regional divisions that the Spanish colonizers found here in the 16th century have persisted as etchings underneath the national consciousness. A tragic result of the lack of national unity is the bloody insurgency of the two-million-strong Muslim community in the southern region. To date it has cost 30,000 lives.

## Western Culture

Strong links with Western culture that developed over more than three centuries of Spanish rule followed by a half century of American tutelage have resulted in millions of English-speaking Christianized Filipinos who like Western values and the

Western way of life. Yet, there are many others who desire a return to precolonial moorings and look to Asia and the Middle East for guidance.

The continuing martial law could in itself be considered an indication of the lack of national unity. Some feel that President Marcos needs authoritarian controls to continue with his programs because he has not persuaded a significant sector of the population that the programs will in fact better the lot of the majority.

Thus the government is as eager as the private citizens to understand the causes of these gaps and promote a common culture. While authoritarian control has had a dampening effect on creativity—some writers claiming they write but do not publish and others who publish sometimes conveying a quiet dissent in their works—on the whole, this dampener is compensated by the

government initiative in sponsoring literary and artistic competitions and in building art centers and museums.

Mrs. Imelda Romualdez Marcos has supported the revival of ethnic forms and pioneered artistic displays. She built the two handsome theaters on the reclaimed fringe of Manila Bay and the National Art Center on a hilltop in Los Baños, south of Manila. Leading Filipino artists have staged their creations at these centers. Once or twice a year, Mrs. Marcos sponsors the performance of a world figure like Rudolf Nureyev or Van Cliburn in Manila.

The private cultural effort is equally dynamic. Big business families in Manila are setting up museums and contributing their private collections of antique Chinese and Indo-Chinese porcelain, carvings and paintings. Some research grants in history, folkways and social mores are now available. Ethnic festivals like the Ati-atihan of Panay Island, a continued parade and dance woven around the worship of the Christ child, have been held in Manila and other cities in an effort to popularize them. Town bands playing simple tunes, once the staple form of entertainment, had been losing their clientele to rock from the juke boxes. A deliberate effort to revive these bands is now underway.

## Mats and Baskets

"We must look at what is here, what is common to the masses of our people, not with a view to freezing them in time but to fixing them in the national consciousness as they can develop into more modern cultural forms," said David Baradas, director of the Museum of Philippine Life, in an interview recently. He pointed to the intricately woven mats and baskets that adorn his office in the tropical wooden house that serves as the museum and expressed concern that native craftsmen might forget their art if public appreciation is not forthcoming.

His worry over losing cultural forms is shared by Renato Pardo of the National Historical Commission. Mr. Pardo is cur-



Bayanihan folk dancers—Preserving the legends of the race.

rently overseeing the restoration of 18th- and 19th-century churches and mansions with a view to preserving the past as well as reviving the skills of the Filipino artisans who built these landmarks under Spanish supervision.

In music and dance, local legends are being translated into modern compositions. The Ballet Federation of the Philippines, at its last annual presentations, featured dance sequences illustrating rural courtship and marriage practices. Opera companies have presented local romances alongside such classics as "La Gioconda" and "Madame Butterfly."

Drama groups, until recently obsessed with English productions attractive only to academic circles, are reaching out to the wider audiences that patronized the "barukda" and the "moromoro," native farcical plays. To take the stiffness out of play-going, the new drama groups are

using informal auditoriums like neighborhood plazas or the old barracks at historic Fort Santiago. Late January, at the fort, the "Peta Katnangon Ensemble" presented a translation of Bertolt Brecht's "Caucasian Chalk Circle" in Filipino, the national language, to enthusiastic audiences.

## Native Language

Whether these cultural stirrings should mean the abandonment of English in favor of the native language is being debated here.

The enthusiastic acceptance of Filipino translations of theater classics and the well-known box office ratings of Filipino films are cited as proof of wider audience rapport when the native language is used. In fact, English is no longer used for teaching most subjects in the lower elementary grades because of research findings that Filipino children grasp basic concepts better when these

are imparted in the native tongue. Science and mathematics are the exceptions since there are no suitable Filipino textbooks. As to abandoning English in higher grades or in professional and business circles, many influential Filipinos disagree. "Since we have long enjoyed a headstart in the knowledge of English over other peoples in the region, we would be inexcusably imprudent to give up this advantage on sentimental grounds alone, ignoring all pragmatic considerations," argues writer-diplomat Salvador P. Lopez.

Many Filipinos resolve the dilemma by resorting to a halfway measure when among friends or at informal gatherings. They use what is known as "Taglish," a blend of native Tagalog and English. Thus, in describing the current preoccupation, one would say, "Talaga, culture vultures tayo ngayon," roughly translated, "Really, we are culture vultures these days."

## The Department of Trade announces official Philippine participation for 1978 in 23 International Trade Fairs and Expositions

### I. General Trade Fairs

**A. Middle East**  
Tehran International Trade Fair  
Tehran, Iran  
September 19–October 1, 1978

Tripoli International Trade Fair  
Tripoli, Libya  
March 1–20, 1978

**B. Socialist Countries**  
Leipzig International Trade Fair  
Democratic Socialist Republic  
Leipzig, East Germany  
March 12–19, 1978

**C. European Economic Community**  
Milan International Trade Fair  
Milan, Italy  
April 13–22, 1978

Brussels International Fair  
Brussels, Belgium  
April 29–May 15, 1978

Paris International Trade Fair  
Paris, France  
April 29–May 15, 1978

**D. Asia**  
Osaka International Trade Fair  
Osaka, Japan  
April 19–30, 1978

The ASEAN Trade Fair '78  
Metro Manila, Philippines

**Africa**  
Nairobi Show  
Nairobi, Kenya  
September 27–October 1, 1978

**Oceania**  
Asean Trade Display  
Sydney, Australia  
October 23–28, 1978

### II. Specialized Trade Fairs

**Middle East**  
Construction Furniture and  
Decoration Fair  
Tehran, Iran  
June 15–18, 1978

**European Economic Community**  
27th International  
Nuremberg Toy Fair  
Nuremberg, West Germany  
February 9–15, 1978

**International Gifts Fair**  
London, England  
August 1978

**Frankfurt Autumn  
International Fair**  
Frankfurt, West Germany  
August 27–30, 1978

**Berlin Partners  
for Progress**  
Berlin, West Germany  
August 31–September 4, 1978

**Igedo International  
Fashion Trade Fair**  
Dusseldorf, W. Germany  
September 10–15, 1978

**Cologne Fair for  
Children and Young  
People—Cologne**  
West Germany  
October 13–15, 1978

**HOUT International  
Trade Exhibition**  
Rotterdam, Netherlands  
October 18–22, 1978

**Salon Internationale  
du Pret-a-Porter**  
Paris, France  
October 21–25, 1978

**Salon International de  
l'Alimentation (SIAL)**  
Paris, France  
November 13–18, 1978

**Brussels International  
Furniture Show**  
Brussels, Belgium  
November 1978

**C. EFTA**  
Jim-Er Salzburg Fair  
Salzburg, Austria  
September 1–3, 1978

**D. ASIA**  
Sibex 1978  
Singapore  
March 15–18, 1978

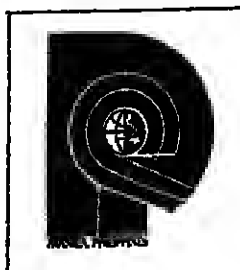


There are many ways to reach us to do business. The Philippine Pavilions, The Philippine Houses, and the offices of the Commercial Attaches in Philippine embassies.

For further information, write to: Office of International Fairs and Expositions, Bureau of Foreign Trade, Department of Trade, 6th Floor Filcapital Bldg., Ayala Avenue, Makati, Metro-Manila, Philippines; Tel. Nos. 863-145; 863-526; 861-811; Telex - 5466 Sectrade; 3285 DTrade Cable Address - Sectrade Manila



# Philippine International Convention Center



THE PLACE IS HERE AND THE TIME IS NOW FOR THE WORLD TO COME, THINK, TALK TOGETHER.

Before 1976, holding an international conference of 3,000 would have been difficult in Manila. But now, we have the Philippine International Convention Center, the heart of all the modern convention facilities that Metropolitan Manila offers to convention planners, regional or international.

The Philippine International Convention Center (PICC) was built in September 1974, a little more than two years ago to answer the many needs of an emerging metropolis. These needs were a consequence of the new role that the Philippines was shaping for itself among the emerging new countries of the Third World. The need to create the right business climate as a financial center. The need to cope with the increasing tourists. The desire to create a venue for creative art and culture. And the need to improve the lot of the urban poor in Metropolitan Manila.

This aspiration has found expression in many concrete terms. For the PICC is the most eloquent language of a people who desires to relate itself harmoniously with the rest of the humankind.

With a rich history that links the country with its Asian neighbors, the Philippines blends beautifully its Malay beginnings with the influences of the Spanish and the Americans. Hence, a people that presents the unique Asian qualities of warmth, hospitality and friendship.

TODAY, more than ever, the desire to relate and live with others has found its true expression. The Philippine International Convention Center articulates that expression to invite people from different parts of the world to come and get together.



An aerial view of the Philippine International Convention Center (PICC) located on a 12-hectare reclaimed land by the sea along Manila Bay.

No other convention center has been so designed to fulfill the needs of a conference, international or regional. And no other convention center exudes as much warmth and beauty to placate minds and soothe hearts.

Rising magnificently on a 12-hectare land reclaimed from the sea, the PICC is a spectacular structure no convention planner can afford to ignore.

Designed by Leandro V. Locsin, a leading Filipino architect, the PICC is a sculptural interplay of solid, steel-reinforced concrete masses, accented with bronze tinted glazings,

balanced and proportional on all sides. Its total floor area is 87,368 square meters.

Its massive look from a distance contrasts with the beauty and warmth of its interiors, which use to a great extent shades of orange and brown, complementing the lavish use of Philippine mahogany.

The PICC combines four modules—a three-story Plenary Hall which seats 5,000; a Reception Hall for elegant socials; a five-story Delegation Building and a three-story Secretariat Building.

It takes more than an hour to complete a

tour of the PICC. On entering the main entrance, facing the city of Manila, one sees the main lobby adorned with huge chandeliers made of around 3,000 bulbs suspended through an aluminum tube from the ceiling.

The Plenary Hall, with an area of 3,320 square meters, accommodates 4,832 conventioners. It has 1,456 flexible seats, 264 seats with tables and 3,103 tiered seats, a super-imposing three-level arrangement designed for both comfort and elegance.

The Reception Hall, made up of two floors, is the single largest room of the Center. It

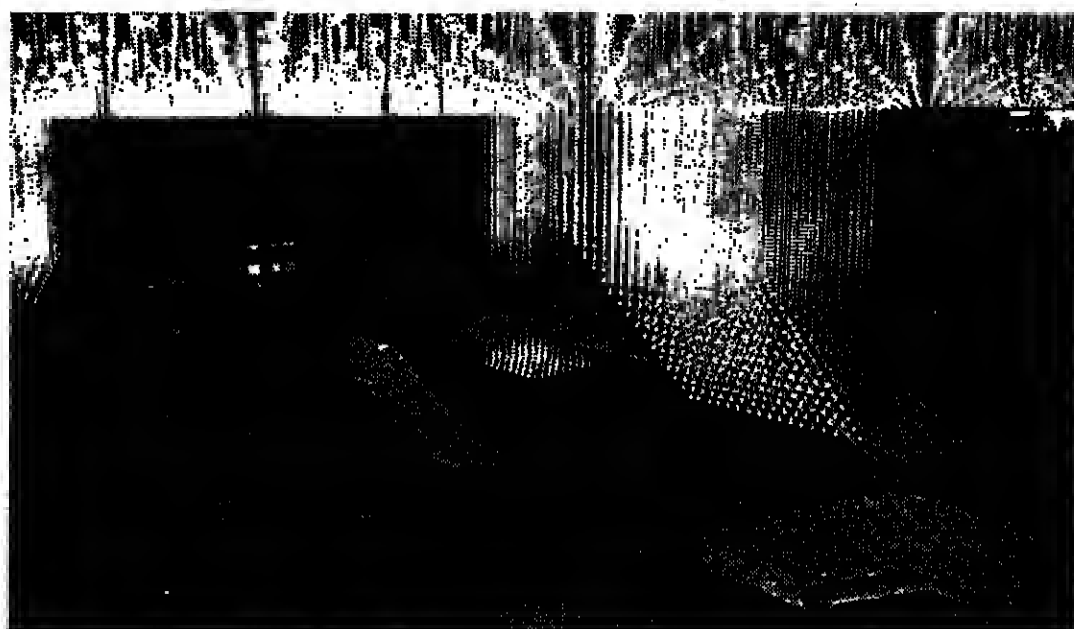
occupies 5,199 square meters, resplendent in red carpet and ablaze with the most breathtaking chandeliers that lend the atmosphere of romance and elegance for any social gathering of 4,000 to 5,000 guests—formal dinner or receptions. In the same building as the Plenary Hall is the Exhibition Hall and the Audio-Visual Room, an area devoted to an audio-visual presentation of the Philippines to visiting guests and conventioners. In less than an hour, one gets to see the beginnings of a country, its rich cultural past and the vast potentials of its resources, the land and its people singing their aspirations, all captured in 15 screens using 30 projectors and 12,000 slides. This moment of experience throbs with consciousness and admiration for a people that fought so well to earn what it now enjoys.

The Delegation Building consists of delegation offices, executive suite and service center like banking, postal, information and assistance center and a souvenir shop.

The Secretariat Building houses 17 secretariat offices with flexible partition convertible to an exhibition area, a cafeteria for 774 people, a banquet hall, a dining room and a delegates' lounge. There are also seven meeting rooms with capacities of between 150 to 500 people. There are other facilities to cope with all the requirements for any type of conference.

All conference areas are fully equipped with the most sophisticated devices for simultaneous language interpretations through fixed and wireless systems. Television facilities are done through satellite multimedia hookup tele-casting facilities direct from the convention center to its audience. There are projectors and screens in every meeting room, sound broadcasting and recording.

The Philippine International Convention Center is strategically located to enable any conventioneer to reach his hotel within five to fifteen minutes. It is ten minutes away from the airport, and ten to fifteen minutes to any shopping center. Along Roxas Boulevard where it is located are strings of restaurants and night spots that provide a unique experience for getting into the many unforgettable memories of having been in the Philippines.



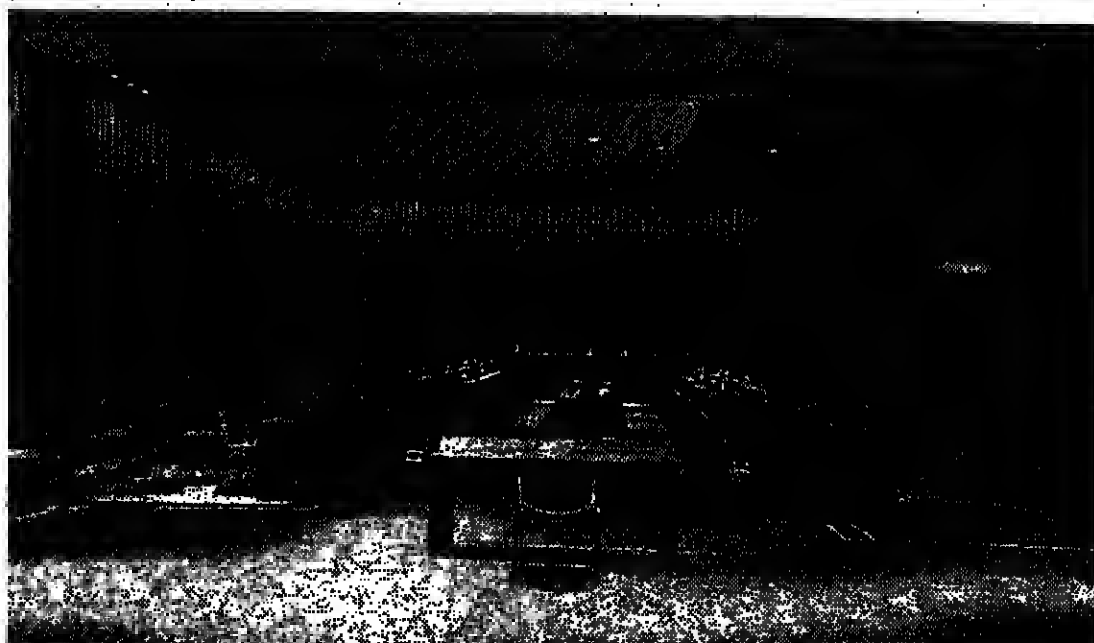
Delegation Building with its impressive main lobby lighted by chandeliers of 3,000 light bulbs each hanging on aluminum cylindrical bars falling magnificently like rain.



Reception Hall is the largest principal room of the PICC in area and capacity. Photo was taken during one of the receptions held for the IMF-World Bank delegates.



Plenary Hall has three super-imposing levels that can accommodate around 5,000 delegates and observers. Above photo was taken during the IMF-World Bank Conference.



The Secretariat Building has several meeting rooms, designed to accommodate big or small conferences. Photo shows a typical meeting room good for 300 people.

FOR FURTHER INFORMATION WRITE TO: THE PHILIPPINE INTERNATIONAL CONVENTION CENTER, CCP COMPLEX, ROXAS BOULEVARD, MANILA. CABLE ADDRESS: PICC MANILA. TEL. NO. 590011